
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in China International Capital Corporation Limited, you should at once hand this circular and the accompanying form(s) of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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China International Capital Corporation Limited
中國國際金融股份有限公司

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

(Stock Code: 03908)

**PROPOSED RIGHTS ISSUE OF A SHARES AND H SHARES
AND RELATED MATTERS
APPLICATION FOR WHITEWASH WAIVER
NOTICE OF 2022 FIRST EXTRAORDINARY GENERAL MEETING
AND
NOTICE OF 2022 FIRST H SHAREHOLDERS' CLASS MEETING**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



SOMERLEY CAPITAL LIMITED

Notices convening the 2022 First EGM and the 2022 First H Shareholders' Class Meeting of China International Capital Corporation Limited to be held at CICC Function Room, 1/F, 5L Hotel Beijing, 1 Jianguomenwai Avenue, Chaoyang District, Beijing, the PRC on Monday, October 24, 2022 at 2:00 p.m. and 3:00 p.m. (or immediately after the conclusion of the 2022 First EGM and the 2022 First A Shareholders' Class Meeting (or any adjournment thereof)) respectively are set out on pages 87 to 93 of this circular.

If you intend to appoint a proxy to attend the 2022 First EGM and/or the 2022 First H Shareholders' Class Meeting, please complete the enclosed form(s) of proxy in accordance with the instructions printed thereon and return the same to Computershare Hong Kong Investor Services Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H Shares) not less than 24 hours before the time appointed for holding the 2022 First EGM and/or the 2022 First H Shareholders' Class Meeting (that is, not later than 2:00 p.m. (for the 2022 First EGM) or 3:00 p.m. (for the 2022 First H Shareholders' Class Meeting) on Sunday, October 23, 2022 (Beijing time)) or any adjournment thereof in person or by post. Completion and return of the form(s) of proxy will not preclude you from attending and voting in person at the 2022 First EGM and/or the 2022 First H Shareholders' Class Meeting or any adjournment thereof if you so wish, but in such event the form(s) of proxy shall be deemed to be revoked.

September 30, 2022

DEFINITIONS

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

“2022 First A Shareholders’ Class Meeting” or “A Share Class Meeting”	the 2022 First A Shareholders’ Class Meeting of the Company to be held at CICC Function Room, 1/F, 5L Hotel Beijing, 1 Jianguomenwai Avenue, Chaoyang District, Beijing, the PRC on Monday, October 24, 2022 at 2:30 p.m. (or immediately after the conclusion of the 2022 First EGM (or any adjournment thereof)) or any adjournment thereof
“2022 First EGM” or “2022 First Extraordinary General Meeting” or “General Meeting”	the 2022 First Extraordinary General Meeting of the Company to be held at CICC Function Room, 1/F, 5L Hotel Beijing, 1 Jianguomenwai Avenue, Chaoyang District, Beijing, the PRC on Monday, October 24, 2022 at 2:00 p.m. or any adjournment thereof
“2022 First H Shareholders’ Class Meeting” or “H Share Class Meeting”	the 2022 First H Shareholders’ Class Meeting of the Company to be held at CICC Function Room, 1/F, 5L Hotel Beijing, 1 Jianguomenwai Avenue, Chaoyang District, Beijing, the PRC on Monday, October 24, 2022 at 3:00 p.m. (or immediately after the conclusion of the 2022 First EGM and the 2022 First A Shareholders’ Class Meeting (or any adjournment thereof)) or any adjournment thereof
“A Rights Share(s)”	the new A Share(s) proposed to be allotted and issued to the A Shareholders pursuant to the A Share Rights Issue Plan
“A Share(s)”	ordinary share(s) in the share capital of the Company with a par value of RMB1.00 each, which is (are) subscribed and traded in RMB and listed on the SSE
“A Share Rights Issue” or “A Share Rights Issue Plan”	the proposed issue of up to 877,062,732 A Rights Shares at the Rights Issue Price on the basis of up to three (3) A Rights Shares for every ten (10) existing A Shares held on the A Share Rights Issue Record Date. If there is any change in the total issued Shares of the Company prior to the implementation of the Rights Issue as a result of bonus issue, conversion of capital reserve into share capital or other reasons of the Company, the number of Rights Shares to be issued will be adjusted according to the changed total issued Shares. The final proportion and number of Rights Shares will be determined through the negotiation between the Board or its authorized person(s) as authorized by the General Meeting and the sponsor(s) (underwriter(s)) with reference to the market conditions before the issuance

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“A Share Rights Issue Record Date”	the reference date on which the entitlements to the A Share Rights Issue are to be determined, and such date is to be determined by the Board or its authorized person(s)
“A Shareholder(s)”	holder(s) of the A Share(s)
“acting in concert” or “concert parties”	has the meaning as defined in the Takeovers Code. For the avoidance of doubt, Central Huijin’s concert parties do not include financial institutions (other than the Group, China Jianyin Investment Limited, JIC Investment Co., Ltd. and China Investment Consulting Co., Ltd.) in which Central Huijin directly or indirectly holds 20% or more of their total voting rights
“Administrative Measures”	Administrative Measures for the Issuance of Securities by Listed Companies* (《上市公司證券發行管理辦法》)
“Announcement”	the announcement issued by the Company dated September 13, 2022 in relation to, among other things, the proposed Rights Issue of A Shares and H Shares and the application for Whitewash Waiver pursuant to Rule 13.09 of the Listing Rules, the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO and the Takeovers Code
“Articles of Association”	the Articles of Association of China International Capital Corporation Limited
“Board” or “Board of Directors”	the board of directors of the Company
“Company”	China International Capital Corporation Limited, a joint stock company incorporated in the PRC with limited liability, the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange (stock code: 03908) and on the SSE (stock code: 601995), respectively
“Company Law”	the Company Law of the People’s Republic of China* (《中華人民共和國公司法》)
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“CSDC”	China Securities Depository and Clearing Corporation Limited
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“EFM”	exempt fund manager (as defined in the Takeovers Code)

DEFINITIONS

“EPT”	exempt principal trader (as defined in the Takeovers Code)
“Excluded Shareholder(s)”	Overseas Shareholder(s) whom the Company, based on relevant legal opinions provided by legal advisers, considers that it is necessary or expedient to exclude from participating in the Rights Issue on account either of the legal restrictions under the laws of the place of his/her/their registered address(es) or the requirements of the relevant regulatory authorities or stock exchange in such place
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such Executive Director
“Executive Director”	Mr. Huang Zhaohui
“Group”	the Company and its subsidiaries
“H Rights Share(s)”	the new H Share(s) proposed to be allotted and issued to the Qualified H Shareholders pursuant to the H Share Rights Issue Plan
“H Share(s)”	ordinary share(s) in the share capital of the Company with a par value of RMB1.00 each, which is (are) subscribed and traded in Hong Kong dollars and listed on the Hong Kong Stock Exchange
“H Share Rights Issue” or “H Share Rights Issue Plan”	the proposed issue of up to 571,114,328 H Rights Shares at the Rights Issue Price on the basis of up to three (3) H Rights Share for every ten (10) existing H Shares held on the H Share Rights Issue Record Date. If there is any change in the total issued Shares of the Company prior to the implementation of the Rights Issue as a result of bonus issue, conversion of capital reserve into share capital or other reasons of the Company, the number of Rights Shares to be issued will be adjusted according to the changed total issued Shares. The final proportion and number of Rights Shares will be determined through the negotiation between the Board or its authorized person(s) as authorized by the General Meeting and the sponsor(s) (underwriter(s)) with reference to the market conditions before the issuance

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“H Share Rights Issue Announcement”	the announcement setting out, amongst others, the final terms and conditions of the Rights Issue (including but not limited to the Rights Issue Price) to be published by the Company with reference to the prevailing market conditions subsequent to the approval of the Rights Issue Plan by the CSRC
“H Share Rights Issue Prospectus”	the prospectus in relation to the H Share Rights Issue to be issued by the Company and despatched to the H Shareholders, which contains further details of the H Share Rights Issue
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Share Rights Issue Record Date”	the reference date on which the entitlements to the H Share Rights Issue are to be determined, and such date is to be determined by the Board or its authorized person(s)
“H Shareholder(s)”	holder(s) of the H Share(s)
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huijin” or “Central Huijin”	Central Huijin Investment Ltd., a wholly state-owned company ultimately owned by the PRC government, being the controlling shareholder of the Company
“Independent Board Committee”	the independent board committee of the Company comprising Ms. Tan Lixia and Mr. Duan Wenwu, being the non-executive Directors, and Mr. Liu Li, Mr. Ng Kong Ping Albert, Mr. Lu Zhengfei and Mr. Peter Hugh Nolan, being the independent non-executive Directors, which is formed in accordance with the Takeovers Code to advise the Independent Shareholders on the Whitewash Waiver Resolutions
“Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in relation to the Whitewash Waiver Resolutions

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“Independent Shareholders”	the Shareholders other than (i) Central Huijin and its concert parties; and (ii) the Shareholders who are involved in or interested in the Rights Issue Plan and/or the Whitewash Waiver
“Latest Practicable Date”	September 27, 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Overseas Shareholder(s)”	H Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the H Share Rights Issue Record Date and whose registered address(es) is/are in a place outside Hong Kong
“PRC” or “China”	the People’s Republic of China
“PRC Southbound Trading Investors”	PRC investors holding the shares of Hong Kong listed companies through CSDC, the agent under Shanghai-Hong Kong Stock Connect
“Qualified H Shareholder(s)”	H Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the H Share Rights Issue Record Date (but excluding the Excluded Shareholders)
“Record Date”	A Share Rights Issue Record Date and/or H Share Rights Issue Record Date
“Relevant Period”	the period commencing on March 13, 2022, being the date falling six months prior to the date of the Announcement, and ending on and including the Latest Practicable Date
“Rights Issue” or “Issue”	the A Share Rights Issue and/or the H Share Rights Issue
“Rights Issue Plan”	A Share Rights Issue Plan and/or H Share Rights Issue Plan
“Rights Issue Price”	the final subscription price for the A Rights Shares and the H Rights Shares to be offered pursuant to the Rights Issue Plan
“Rights Share(s)”	A Rights Share(s) and/or H Rights Share(s)
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Securities Law”	the Securities Law of the People’s Republic of China* (《中華人民共和國證券法》)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the shares of the Company with a par value of RMB1.00 each, including A Share(s) and H Share(s)
“Shareholder(s)”	shareholder(s) of the Company
“Shareholders’ Class Meetings” or “Class Meetings”	collectively, the 2022 First A Shareholders’ Class Meeting and the 2022 First H Shareholders’ Class Meeting
“SSE”	the Shanghai Stock Exchange (上海證券交易所)
“State Council”	the State Council of the People’s Republic of China (中華人民共和國國務院)
“Takeovers Code”	The Code on Takeovers and Mergers published by the SFC (as revised, supplemented or otherwise modified from time to time)
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligation on the part of Central Huijin to make a general offer for all Shares and other equity share capital of the Company (other than those already owned or agreed to be acquired by Central Huijin and its concert parties) as a result of the allotment and issue of the Rights Shares to and the subscription of the Rights Shares by Central Huijin under the Rights Issue Plan
“Whitewash Waiver Resolutions”	resolutions approving (A) the Whitewash Waiver by at least 75% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the General Meeting, and (B) the Rights Issue by more than 50% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the General Meeting as required under the Takeovers Code
“%”	per cent.

DEFINITIONS

Financial information as set out in Appendix VI of this circular are prepared in accordance with the International Financial Reporting Standards. Financial information set out in the other parts of the circular are prepared in accordance with the Chinese Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and the other relevant regulations, unless otherwise specified.

LETTER FROM THE BOARD



China International Capital Corporation Limited 中國國際金融股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 03908)

The Board of Directors:

Non-executive Directors:

Mr. Shen Rujun (*Chairman of the Board*)

Ms. Tan Lixia

Mr. Duan Wenwu

Executive Director:

Mr. Huang Zhaohui (*Chief Executive Officer*)

Independent Non-executive Directors:

Mr. Liu Li

Mr. Ng Kong Ping Albert

Mr. Lu Zhengfei

Mr. Peter Hugh Nolan

Registered Office and

Head Office in the PRC:

27th and 28th Floor

China World Office 2

1 Jianguomenwai Avenue

Chaoyang District

Beijing, PRC

Principal Place of Business

in Hong Kong:

29/F, One International Finance Centre

1 Harbour View Street

Central, Hong Kong

September 30, 2022

To the Shareholders

Dear Sir or Madam,

I. INTRODUCTION

On behalf of the Board, I invite you to attend the 2022 First EGM, the 2022 First A Shareholders' Class Meeting and the 2022 First H Shareholders' Class Meeting to be held at CICC Function Room, 1/F, 5L Hotel Beijing, 1 Jianguomenwai Avenue, Chaoyang District, Beijing, the PRC on Monday, October 24, 2022. The notices of the 2022 First EGM and the 2022 First H Shareholders' Class Meeting are set out on pages 87 to 93 of this circular.

Reference is made to the Announcement in relation to the proposed Rights Issue of A Shares and H Shares and application for Whitewash Waiver.

The purpose of this circular is to provide you with (i) the notices of the 2022 First EGM and the 2022 First H Shareholders' Class Meeting, (ii) a letter from the Independent Board Committee and a letter from the Independent Financial Adviser and other reasonably necessary information, to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the 2022 First EGM and the 2022 First H Shareholders' Class Meeting.

LETTER FROM THE BOARD

II. BUSINESS TO BE CONSIDERED AT THE 2022 FIRST EGM, THE 2022 FIRST A SHAREHOLDERS' CLASS MEETING AND THE 2022 FIRST H SHAREHOLDERS' CLASS MEETING

Special resolutions to be proposed at the 2022 First EGM for approval include: (1) the proposal regarding the satisfaction of the conditions for the Rights Issue by the Company; (2) the proposal regarding the 2022 Rights Issue Plan of the Company (each sub-resolution to be voted on separately); (3) the proposal regarding the plan on public issuance of securities by way of Rights Issue in 2022 of the Company; (4) the proposal regarding the authorization to the Board of Directors and its authorized person(s) to deal with matters in connection with the 2022 Rights Issue of the Company; (5) the proposal regarding the report on the use of previously raised proceeds of the Company; (6) the proposal regarding the 2022 feasibility analysis report on the use of proceeds from the Rights Issue of the Company; (7) the proposal regarding the risk reminder of and remedial measures for dilution of immediate returns as a result of the proposed Rights Issue to the existing Shareholders and the undertakings by the relevant parties of the Company; (8) the proposal regarding exempting Central Huijin from making an offer under the applicable PRC laws and regulations; and (9) the proposal regarding the Whitewash Waiver in relation to waiving the obligation of Central Huijin to make a mandatory general offer.

Pursuant to Article 125 of the current Articles of Association, resolutions of a shareholders' class meeting shall be passed by two-thirds or more of the voting rights represented at the shareholders' class meeting. Special resolutions which will be proposed at the 2022 First A Shareholders' Class Meeting and 2022 First H Shareholders' Class Meeting respectively for approval include: (1) the proposal regarding the satisfaction of the conditions for the Rights Issue by the Company; (2) the proposal regarding the 2022 Rights Issue Plan of the Company (each sub-resolution to be voted on separately); (3) the proposal regarding the plan on public issuance of securities by way of Rights Issue in 2022 of the Company; (4) the proposal regarding the authorization to the Board of Directors and its authorized person(s) to deal with matters in connection with the 2022 Rights Issue of the Company; (5) the proposal regarding the 2022 feasibility analysis report on the use of proceeds from the Rights Issue of the Company; and (6) the proposal regarding the risk reminder of and remedial measures for dilution of immediate returns as a result of the proposed Rights Issue to the existing Shareholders and the undertakings by the relevant parties of the Company.

LETTER FROM THE BOARD

1. Proposal Regarding the Satisfaction of the Conditions for the Rights Issue by the Company

The Company proposes to issue Rights Shares to its existing Shareholders. In accordance with the provisions prescribed in relevant laws, regulations and prescriptive documents such as the Company Law, the Securities Law, the Administrative Measures and the *Q&A on Issuance Regulation – Regulatory Requirements on Guiding and Regulating the Financing Behaviors of Listed Companies (Revised)* (《發行監管問答 — 關於引導規範上市公司融資行為的監管要求(修訂版)》), the Company has carefully checked its conditions against its actual conditions and the relevant requirements on the qualification and criteria of listed companies for rights issue, and deems that the Company complies with the provisions and requirements on rights issue by listed companies as prescribed in relevant laws, regulations and prescriptive documents and satisfied the qualification and criteria for applying for the rights issue. Please refer to Appendix I to this circular for details.

The above proposal was considered and approved by the Board, and is hereby proposed for Shareholders' consideration and approval at the 2022 First EGM and the Shareholders' Class Meetings.

2. Proposal Regarding the 2022 Rights Issue Plan of the Company

To promote the stable and high-quality development of the Company, further enhance the capital strength of the Company, and strengthen the core competitiveness and risk resistance capabilities of the Company, the Company proposes to issue Rights Shares to its existing Shareholders. The preliminary terms of the Rights Issue Plan are as follows:

Class and Par Value of Rights Shares	:	The classes of Shares to be issued under the Rights Issue are A Shares and H Shares, each with a par value of RMB1.00.
Method of Issuance	:	The issuance will be conducted by way of issuing Shares to existing Shareholders.

LETTER FROM THE BOARD

Base, Proportion and Number of the Rights Shares to be Issued : Under the A Share Rights Issue, Shares are proposed to be allotted to all A Shareholders on the basis of up to three (3) Rights Shares for every ten (10) Shares calculated based on the total number of A Shares in issue after the trading hours on the A Share Rights Issue Record Date.

Under the H Share Rights Issue, Shares are proposed to be allotted to all Qualified H Shareholders on the basis of up to three (3) Rights Shares for every ten (10) Shares calculated based on the total number of H Shares in issue after the trading hours on the H Share Rights Issue Record Date.

Fractional Rights Share will be dealt with according to the relevant requirements of the stock exchanges and securities registration and clearing institutions of the locations where the securities of the Company are traded at. The proportions of the A Share Rights Issue and H Share Rights Issue are the same.

Calculated on the basis of 4,827,256,868 total issued Shares (comprising 2,923,542,440 A Shares and 1,903,714,428 H Shares) as of June 30, 2022^{Note}, it is expected that the number of Rights Shares to be issued will not exceed 1,448,177,060 Shares, comprising up to 877,062,732 A Rights Shares and up to 571,114,328 H Rights Shares.

If there is any change in the total issued Shares of the Company prior to the implementation of the Rights Issue as a result of bonus issue, conversion of capital reserve into share capital or other reasons of the Company, the number of Rights Shares to be issued will be adjusted according to the number of changed total issued Shares. The final proportion and number of Rights Shares will be determined through the negotiation between the Board or its authorized person(s) as authorized by the General Meeting and the sponsor(s) (underwriter(s)) with reference to the market conditions before the issuance.

Note: there was no change in the total number of A Shares and H Shares in issue from June 30, 2022 up to the Latest Practicable Date.

LETTER FROM THE BOARD

**Pricing Principles and
Rights Issue Price**

- : (1) Pricing principles
- (i) To make reference to trading price of the Shares in the secondary market and various valuation indicators such as price-to-earnings ratio and price-to-book ratio, having regard to the development of the Company as well as the interests of the Shareholders as a whole;
 - (ii) To take into consideration the capital need of projects which will be funded by the proceeds of the Rights Issue;
 - (iii) To comply with the principle negotiated between the Board of the Company or its authorized person(s) and sponsor(s) (underwriter(s)).
- (2) Rights Issue Price

As the terms of the Rights Issue Plan remain subject to the review and approval by the CSRC, the final Rights Issue Price will be determined through the negotiation between the Board or its authorized person(s) as authorized by the General Meeting and the sponsor(s) (underwriter(s)) with reference to the market conditions and pricing principles before the issuance.

The Rights Issue Price of the H Shares shall not be lower than 80% of the average closing price in Hong Kong dollars of the Company's H Shares on the Hong Kong Stock Exchange in the five trading days immediately prior to the publication date of the Company's H Share Rights Issue Announcement ("**H Share Minimum Issue Price**"); the Rights Issue Price of the A Shares shall not be lower than the H Share Minimum Issue Price after exchange rate adjustment as at the time. The Rights Issue Price of the A Shares and the H Shares shall be consistent after exchange rate adjustment, which may be higher or lower than the market trading price of the H Shares at that time.

LETTER FROM THE BOARD

- Target Subscribers for the Rights Issue** : The target subscribers in respect of the A Share Rights Issue shall be all A Shareholders of the Company registered on the register of members kept with CSDC, Shanghai Branch after the trading hours on the A Share Rights Issue Record Date. The target subscribers in respect of the H Share Rights Issue shall be all Qualified H Shareholders as at the H Share Rights Issue Record Date. The Record Date in relation to the Rights Issue will be determined after obtaining the approval by the CSRC for the Rights Issue Plan.
- Central Huijin, the controlling shareholder of the Company, has undertaken to fully subscribe in cash for the A Rights Shares offered to it under the A Shares Rights Issue.
- Arrangement for Accumulated Undistributed Profits Prior to the Rights Issue** : The accumulated undistributed profits of the Company prior to the Rights Issue shall be shared by all Shareholders on a pro rata basis after completion of A Share and H Share Rights Issue.
- Time of Issuance** : Upon obtaining the approval by the CSRC, the Rights Issue will be implemented in due course within the stipulated period.
- Underwriting Methods** : The A Rights Shares will be underwritten on a best efforts basis, and the H Rights Shares will be underwritten in accordance with Rule 7.19(1) of the Listing Rules.

LETTER FROM THE BOARD

Use of Proceeds Raised from the Rights Issue : The total proceeds raised from the Rights Issue are expected to be no more than RMB27 billion (the specific size depends on the market conditions at the time of issuance). The net proceeds, after deduction of relevant issuance expenses, are proposed to be used for replenishing the capital for supporting various business developments and replenishing other working capital. The details are as follows:

No.	Use of Proceeds	Amount
(1)	Supporting the capital needs for business development	No more than RMB24 billion
(2)	Replenishing other working capital	No more than RMB3 billion
Total		No more than RMB27 billion

If the net proceeds raised from the Rights Issue are less than the proceeds proposed to be invested, the shortfall will be made up by the Company. Without any changes in the use of the proceeds, the Board of the Company or its authorized person(s) may make appropriate adjustments to the specific investment and utilization plan, the sequence and amount of investment of the proceeds in the above projects according to the actual needs of projects. From the date of approval at the Board meeting of the Company convened to consider the Rights Issue Plan resolution to the date on which the proceeds are available for use, the Company will first invest the self-raised funds in relevant projects according to the operating conditions and development plans, and will replace the self-raised funds with the proceeds of the Rights Issue as and when available in accordance with the relevant procedures required under relevant laws and regulations.

Validity Period of the Rights Issue Resolution : The validity period of the Rights Issue resolution shall be 12 months from the date on which the resolution is considered and approved at the General Meeting, the A Share Class Meeting and the H Share Class Meeting.

Listing of the Shares to be issued under the Rights Issue : Upon completion of the A Share Rights Issue, the A Shares to be issued will be listed on the SSE according to the relevant requirements.

Upon completion of the H Share Rights Issue, the H Shares to be issued will be listed on the Hong Kong Stock Exchange according to the relevant requirements.

LETTER FROM THE BOARD

The Rights Issue Plan is subject to the approvals by the CSRC and other necessary approvals in connection with the Rights Issue, and shall be the one as approved by the CSRC.

The Rights Issue and the other relevant resolutions were considered and approved by the Board, and are hereby proposed for Shareholders' consideration at the 2022 First EGM and (if applicable) the Shareholders' Class Meetings. In addition, the Rights Issue shall be approved by more than 50% of the voting rights held by the Independent Shareholders present and voting at the 2022 First EGM of the Company.

Qualified H Shareholders

Subject to, among others, the Rights Issue Plan being approved by the Shareholders or the Independent Shareholders (as appropriate) at the General Meeting and the Class Meetings, the Company will deliver the H Share Rights Issue Prospectus to the Qualified H Shareholders, including the PRC Southbound Trading Investors (and to the extent permitted by the relevant laws, to the Excluded Shareholders for information purposes only). To qualify for the H Share Rights Issue, an H Shareholder must:

- (i) be registered as an H Shareholder of the Company on the H Share Rights Issue Record Date; and
- (ii) not be an Excluded Shareholder.

Before the commencement of the H Share Rights Issue, the Company will announce the date by which the H Shareholders must lodge any transfer documents in relation to the existing H Shares (together with the relevant H Share certificates) with the H Share Registrar, in order for the transferee to become an H Shareholder of the Company on or before the H Share Rights Issue Record Date.

The PRC Southbound Trading Investors will not be excluded from participating in the H Share Rights Issue.

PRC Southbound Trading Investors

The Company has made the relevant enquiries and was advised that the PRC Southbound Trading Investors may participate in the H Share Rights Issue Plan through CSDC. CSDC will provide agent services for the PRC Southbound Trading Investors to (i) sell (in full or in part) their nil-paid H Rights Shares on the Hong Kong Stock Exchange under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect; and/or (ii) subscribe (in full or in part) for their pro-rata entitlement in respect of H Rights Shares held on the H Share Record Date at the Rights Issue Price under the H Share Rights Issue Plan in accordance with the relevant laws and regulations. **However, CSDC will not support applications by such PRC Southbound Trading Investors for excess H Rights Shares under the H Share Rights Issue Plan through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.** In addition, according to the opinions of the PRC legal adviser of the Company, the PRC Southbound Trading Investors (or the relevant CSDC participants as the case may be) whose stock accounts in the CSDC are credited with nil-paid H Rights Shares can only sell those nil-paid H Rights Shares on the Hong Kong Stock Exchange via CSDC under Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect and can neither purchase any nil-paid H Rights Shares nor transfer such nil-paid H Rights Shares to other PRC Southbound Trading Investors.

LETTER FROM THE BOARD

H Share Rights Issue Record Date

The H Share Rights Issue Record Date and the trading arrangements for the nil-paid H Rights Shares will be determined by the Company and once determined, a further announcement will be made by the Company. The H Share Rights Issue is conditional upon the fulfilment of the conditions set out under the section headed “Conditions of the H Share Rights Issue” in this circular. The H Share Rights Issue Record Date will be a date which is after the date of the General Meeting, the A Share Class Meeting and the H Share Class Meeting and the date on which all relevant PRC governmental and regulatory approvals in relation to the Rights Issue Plan are granted to the Company.

Trading of the H Rights Shares

Dealings in the H Rights Shares in both their nil-paid and fully-paid forms registered with the H Share Registrar will be subject to the payment of stamp duty in Hong Kong. A further announcement will be made by the Company regarding the trading arrangements for the H Rights Shares (in nil-paid and fully-paid forms) after such arrangements have been finalized by the Company.

Status of the H Rights Shares

The H Rights Shares, once allotted and fully paid, will rank *pari passu* in all respects with the H Shares then in issue. Holders of fully-paid H Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the H Rights Shares.

Rights of Overseas Shareholders

The H Share Rights Issue Prospectus will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will make enquiries regarding the feasibility of extending the H Share Rights Issue to the Overseas Shareholders. If, based on the advice received from the relevant legal advisers, the Company considers that it is necessary or expedient not to offer the H Rights Shares to certain Overseas Shareholders (who are thus Excluded Shareholders) on account either of the legal restrictions under the laws of the place of his/her/their registered address(es) or the requirements of the relevant regulatory body or stock exchange in that place, the H Share Rights Issue will not be made available to the Excluded Shareholders.

The Company will send copies of the H Share Rights Issue Prospectus to the Excluded Shareholders for their information only (subject to compliance with the relevant laws), but the Company will not send any provisional allotment letters or excess application forms to the Excluded Shareholders.

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Arrangements will be made for the H Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in the market in their nil-paid form, as soon as practicable after the commencement of the dealings in the nil-paid H Rights Shares, if a premium (net of expenses) can be obtained. The proceeds from such sales, less expenses, will be paid on a pro rata basis to the Excluded Shareholders, and the Company will pay individual amounts of more than HK\$100 to the relevant Excluded Shareholders, provided that the Company will retain individual amounts of HK\$100 or less for its own benefit.

Application for Excess H Rights Shares

Qualified H Shareholders of the Company (other than the PRC Southbound Trading Investors) may apply, by way of excess application, for the H Rights Shares to which unsold entitlements of the Excluded Shareholders relate and for any H Rights Shares provisionally allotted to the Qualified H Shareholders but not accepted.

Application for excess H Rights Shares may be made by completing the excess application form to be despatched to the Qualified H Shareholders together with the H Share Rights Issue Prospectus and lodging the same with a separate remittance for such excess H Rights Shares. Excess H Rights Shares (if available) will, at the sole discretion of the Company, be allocated and allotted on a fair and reasonable basis. All excess H Rights Shares will be allocated to Qualified H Shareholders who have applied for excess H Rights Shares on a pro rata basis with reference to their number of excess H Rights Shares applied for. No reference will be made to H Rights Shares comprised in applications by provisional allotment letter or the existing number of H Shares held by Qualified H Shareholders. If the aggregate number of H Rights Shares not taken up by the Qualified H Shareholders under provisional allotment letters is greater than the aggregate number of excess H Rights Shares applied for through excess application forms, the Company will allocate to each Qualified H Shareholder who applies for excess H Rights Shares in full application. No preference will be given to topping up odd lots to whole board lots. There is no guarantee that Qualified H Shareholders with odd lots of H Rights Shares will be topped up to whole board lots pursuant to their applications for excess H Rights Shares.

Conditions of the H Share Rights Issue

It is expected that the H Share Rights Issue will be conditional upon the fulfilment of the following matters:

- (i) the approval of the Rights Issue Plan and other relevant resolutions by the Shareholders or the Independent Shareholders (as appropriate) at the General Meeting;
- (ii) the approval of the Rights Issue Plan and (if applicable) other relevant resolutions by the H Shareholders at the H Share Class Meeting and by the A Shareholders at the A Share Class Meeting, respectively;

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- (iii) the approval of the Rights Issue Plan by the CSRC and other relevant regulatory authorities;
- (iv) the Listing Committee of the Hong Kong Stock Exchange approving the listing of, and permission to deal in, the H Rights Shares in their nil-paid and fully-paid forms on the Hong Kong Stock Exchange, either unconditionally or subject to the conditions which the Company accepts and the satisfaction of such conditions (if any) by no later than the date of the delivery of the H Share Rights Issue Prospectus;
- (v) the delivery to the Hong Kong Stock Exchange and the filing and registration of all the documents in relation to the H Share Rights Issue as required by laws to be filed to and registered with the Companies Registry in Hong Kong;
- (vi) the passing of the requisite resolution by the Shareholders which are not related to Central Huijin at the General Meeting approving the waiver in respect of the general offer obligation over the A Shares by Central Huijin to be triggered by the Rights Issue under the relevant laws and regulations in the PRC;
- (vii) the passing of the Whitewash Waiver Resolutions;
- (viii) the grant of the Whitewash Waiver by the SFC in accordance with the Takeovers Code and such waiver has not been withdrawn or revoked prior to completion of the Rights Issue; and
- (ix) the subscription of the A Rights Shares by the A Shareholders being at least 70% of the A Rights Shares under the A Share Rights Issue.

None of the above conditions of the H Share Rights Issue are waivable. As at the Latest Practicable Date, none of the above conditions of the H Share Rights Issue have been satisfied. If the conditions are not fulfilled, the H Share Rights Issue will not proceed.

Conditions of the A Share Rights Issue

It is expected that the A Share Rights Issue will be conditional upon the fulfilment of the following matters:

- (i) the approval of the Rights Issue Plan and other relevant resolutions by the Shareholders or the Independent Shareholders (as appropriate) at the General Meeting;
- (ii) the approval of the Rights Issue Plan and (if applicable) other relevant resolutions by the A Shareholders at the A Share Class Meeting and by the H Shareholders at the H Share Class Meeting, respectively;
- (iii) the approval of the Rights Issue Plan by the CSRC and other relevant regulatory authorities;

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- (iv) the passing of the requisite resolution by the Shareholders which are not related to Central Huijin at the General Meeting approving the waiver in respect of the general offer obligation over the A Shares by Central Huijin to be triggered by the Rights Issue under the relevant laws and regulations in the PRC;
- (v) the passing of the Whitewash Waiver Resolutions;
- (vi) the grant of the Whitewash Waiver by the SFC in accordance with the Takeovers Code and such waiver has not been withdrawn or revoked prior to completion of the Rights Issue; and
- (vii) the subscription of the A Rights Shares by the A Shareholders being at least 70% of the A Rights Shares under the A Share Rights Issue.

None of the above conditions of the A Share Rights Issue are waivable. As at the Latest Practicable Date, none of the above conditions of the A Share Rights Issue have been satisfied. If the conditions are not fulfilled, the A Share Rights Issue will not proceed.

Change in Registered Capital and the Corresponding Amendments to Relevant Clauses in the Articles of Association

Upon completion of the Rights Issue, the registered capital of the Company will be increased and certain amendments will be made to the Articles of Association in relation to the increase in the registered capital of the Company due to the Rights Issue. It is proposed that authorization is to be granted by the General Meeting, the A Share Class Meeting and the H Share Class Meeting to the Board to make amendments to the Articles of Association in relation to the registered capital, total number of Shares, structure of share capital and other corresponding articles according to the issuance results of the Rights Issue. Upon completion of the Rights Issue, the Company will publish a further announcement in relation to the change in registered capital and the amendments to the Articles of Association in due course, in order to provide details of such amendments to the Shareholders.

Underwriting

The H Share Rights Issue is proposed to be underwritten in accordance with Rule 7.19(1) of the Listing Rules and such underwriting will be conducted in accordance with the requirements of the Listing Rules. The underwriter(s) for the H Share Rights Issue will be appointed on or around the date of the H Share Rights Issue Announcement. In the event that the H Share Rights Issue is fully underwritten, underwriter(s) which provides full underwriting commitment for the H Rights Shares will be entities which are not concert parties of Central Huijin. Details of the underwriting arrangement in relation to the H Share Rights Issue will be provided to the Shareholders in a further announcement on the H Share Rights Issue to be published by the Company in due course. Pursuant to the *Companies (Winding Up and Miscellaneous Provisions) Ordinance* (Chapter 32 of the Laws of Hong Kong), the Listing Rules and the Articles of Association, there is no requirement for a minimum level of subscription in the H Share Rights Issue.

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The A Share Rights Issue will proceed on a best effort basis as required under the applicable PRC laws and regulations. Under such best effort underwriting arrangement, the underwriter(s) for the A Share Rights Issue will use best efforts to procure subscription of the A Rights Shares, failing which such underwriter(s) will not subscribe for any unsubscribed A Rights Shares. The underwriter(s) for the A Share Rights Issue is expected to be appointed subsequent to the date of the General Meeting and the Class Meetings. Under the applicable PRC laws and regulations, the A Share Rights Issue Plan may only proceed if the subscription level of the A Rights Shares is at least 70% of the A Rights Shares under the A Share Rights Issue. The rights to subscribe for the A Shares which are not taken up will lapse and no new A Rights Shares will be issued or allotted pursuant to such rights.

Theoretical Dilutive Effects

The Company confirms that, as at the Latest Practicable Date, the Rights Issue will not result in a theoretical dilution effect of 25% or more under Rule 7.27B of the Listing Rules.

Shareholders' Undertaking in relation to the Offered Rights Shares

The Company has received from Central Huijin, the controlling shareholder, the *Undertaking to Subscribe for All the Offered Rights Shares* (《關於全額認購可配售股份的承諾函》) in relation to the Rights Issue, under which Central Huijin will subscribe in cash for all the A Rights Shares offered to it under the A Share Rights Issue (the “**Offered Rights Shares**”) to be determined in accordance with the Rights Issue Plan in proportion to the number of Shares directly held by it after trading hours on the A Share Rights Issue Record Date. The above undertaking will be fulfilled after the matters related to the Rights Issue have been approved by the General Meeting and approved by CSRC.

Shareholders' Lock-up Undertaking

Other than the passing of the requisite resolutions as stated in the sections headed “Conditions of the H Share Rights Issue” and “Conditions of the A Share Rights Issue” above, in respect of the general offer obligation which will be triggered by the Rights Issue under the relevant laws and regulations in the PRC, the grant of waiver on such general offer obligation is subject to each of Central Huijin and China Jianyin Investment Limited, JIC Investment Co., Ltd. and China Investment Consulting Co., Ltd. (each directly or indirectly wholly-owned by Central Huijin) having undertaken not to transfer the A Rights Shares respectively offered to it under the A Share Rights Issue within three years after the subscription of such A Rights Shares. As at the Latest Practicable Date, Central Huijin has provided the undertaking not to transfer the Offered Rights Shares within three years after the subscription of such Offered Rights Shares, and each of China Jianyin Investment Limited, JIC Investment Co., Ltd. and China Investment Consulting Co., Ltd. has provided the undertaking not to transfer the A Rights Shares within three years after the subscription of such A Rights Shares if it participates in the Rights Issue.

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Publication of Further Announcement and Issuance of H Share Rights Issue Prospectus in Relation to the H Share Rights Issue

Prior to the commencement of the H Share Rights Issue, the Company will make further announcement(s) (including but not limited to the H Share Rights Issue Announcement) and issue the H Share Rights Issue Prospectus which will contain all relevant details of the Rights Issue Plan, including the final proportion based on which the Rights Shares are to be issued, the maximum number of the Rights Shares to be issued, the Rights Issue Price, the period of closure of the register of members for the H Shares and the H Share Rights Issue Record Date, the trading arrangements for H Rights Shares, the arrangements for the excess H Rights Shares, underwriting arrangements and the expected timetable of the Rights Issue Plan.

Reasons for the Rights Issue

The Rights Issue aims to promote the stable and high-quality development of the Company, further enhance the capital strength of the Company, and strengthen the core competitiveness and risk resistance capabilities of the Company. The existing business of the Company will be continued. The Board believes that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

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Shareholding Structure of the Company and Scenario Analyses

Scenario 1: For illustrative purpose, the following table sets out the Company's current shareholding structure and the proposed shareholding structure upon completion of the Rights Issue, assuming the Rights Issue is conducted on the basis of three (3) Rights Shares for every ten (10) existing Shares, the Rights Shares are fully subscribed, and no change in the total issued Shares of the Company from the Latest Practicable Date to the Record Date:

Name of Shareholders	Class of Shares	As at the Latest Practicable Date		Immediately after completion of the Rights Issue	
		Number of Shares held	Approximate percentage of the total number of Shares in issue	Number of Shares held	Approximate percentage of the total number of Shares in issue
Central Huijin	A Shares	1,936,155,680	40.11%	2,517,002,384	40.11%
China Jianyin Investment Limited ^{Note 1}	A Shares	911,600	0.02%	1,185,080	0.02%
JIC Investment Co., Ltd. ^{Note 1}	A Shares	911,600	0.02%	1,185,080	0.02%
China Investment Consulting Co., Ltd. ^{Note 1}	A Shares	911,600	0.02%	1,185,080	0.02%
The Group ^{Note 2}	A Shares	6,500	0.00%	8,450	0.00%
The Group ^{Note 2}	H Shares	82,230,430	1.70%	106,899,559	1.70%
Central Huijin and its concert parties	A Shares and H Shares	2,021,127,410	41.87%	2,627,465,633	41.87%
Other A Shareholders	A Shares	984,645,460	20.40%	1,280,039,098	20.40%
Other H Shareholders	H Shares	1,821,483,998	37.73%	2,367,929,197 ^{Note 3}	37.73%
Independent Shareholders	A Shares and H Shares	2,806,129,458	58.13%	3,647,968,295	58.13%
Total number of Shares in issue	A Shares and H Shares	4,827,256,868	100%	6,275,433,928	100%

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Notes:

- (1) Each an entity directly or indirectly wholly-owned by Central Huijin.
- (2) As at the Latest Practicable Date, the Group holds in aggregate 82,236,930 Shares, among which:
 - (i) the Company holds 6,500 A Shares and 39,430,430 H Shares; and
 - (ii) China International Capital Corporation Hong Kong Asset Management Limited (an indirectly wholly-owned subsidiary of the Company) holds 42,800,000 H Shares.

The interests in such Shares are held by the above entities in the capacity, amongst others, as the manager of certain funds and asset management plans.

- (3) In the event that the H Share Rights Issue is fully underwritten by underwriter(s) (which will not be a concert party of Central Huijin), such H Shares held by the other H Shareholders immediately after the completion of the Rights Issue may include H Shares held by the underwriter(s).
- (4) As at the Latest Practicable Date, Mr. Huang Zhaohui, a Director of the Company, in the capacity as an investor, is indirectly interested in 7,240,173 H Shares through his holding of shares in fund and asset management plan, of which such shares will not entitle Mr. Huang Zhaohui to vote on matters in relation to the management of such fund and asset management plan. The voting rights in such H Shares are not controlled by Mr. Huang Zhaohui, but are exercised by manager of such fund and asset management plan.
- (5) Based on the information available to the Company and to the knowledge of the Directors, the above Shares in Note 1 and 4 shall not be counted as part of the public float; as at the Latest Practicable Date, the percentage of the H Shares held by the public in the total number of Shares is approximately 39.29%, and the percentage of the Shares (including A Shares and H Shares) held by the public in the total number of Shares is approximately 59.68%. Immediately after completion of the Rights Issue, the percentage of the H Shares held by the public in the total number of Shares upon completion of the Rights Issue is expected to be approximately 39.29%, and the percentage of the Shares (including A Shares and H Shares) held by the public in the total number of Shares upon completion of the Rights Issue is expected to be approximately 59.68%.
- (6) Any discrepancies between the arithmetic sum of each figure and the total figure presented in the table are due to rounding adjustments.

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Scenario 2: For illustrative purpose, the following table sets out the Company's current shareholding structure and the proposed shareholding structure upon completion of the Rights Issue, assuming the Rights Issue is conducted on the basis of three (3) Rights Shares for every ten (10) existing Shares, 70% of the A Rights Shares are subscribed, the H Rights Shares are fully subscribed, and no change in the total issued Shares of the Company from the Latest Practicable Date to the Record Date:

Name of Shareholders	Class of Shares	As at the Latest Practicable Date		Immediately after completion of the Rights Issue	
		Number of Shares held	Approximate percentage of the total number of Shares in issue	Number of Shares held	Approximate percentage of the total number of Shares in issue
Central Huijin	A Shares	1,936,155,680	40.11%	2,517,002,384	41.86%
China Jianyin Investment Limited ^{Note 1}	A Shares	911,600	0.02%	1,185,080	0.02%
JIC Investment Co., Ltd. ^{Note 1}	A Shares	911,600	0.02%	1,185,080	0.02%
China Investment Consulting Co., Ltd. ^{Note 1}	A Shares	911,600	0.02%	1,185,080	0.02%
The Group ^{Note 2}	A Shares	6,500	0.00%	8,450	0.00%
The Group ^{Note 2}	H Shares	82,230,430	1.70%	106,899,559	1.78%
Central Huijin and its concert parties	A Shares and H Shares	2,021,127,410	41.87%	2,627,465,633	43.70%
Other A Shareholders	A Shares	984,645,460	20.40%	1,016,920,279	16.91%
Other H Shareholders	H Shares	1,821,483,998	37.73%	2,367,929,197 ^{Note 3}	39.38%
Independent Shareholders	A Shares and H Shares	2,806,129,458	58.13%	3,384,849,476	56.30%
Total number of Shares in issue	A Shares and H Shares	4,827,256,868	100%	6,012,315,109	100%

Notes:

- (A) For the notes in the table above, please refer to the corresponding footnotes set out in Scenario 1 above.
- (B) Based on the information available to the Company and to the knowledge of the Directors, the Shares in Note 1 and 4 set out in Scenario 1 shall not be counted as part of the public float; as at the Latest Practicable Date, the percentage of the H Shares held by the public in the total number of Shares is approximately 39.29%, and the percentage of the Shares (including A Shares and H Shares) held by the public in the total number of Shares is approximately 59.68%. Immediately after completion of the Rights Issue, the percentage of the H Shares held by the public in the total number of Shares upon completion of the Rights Issue is expected to be approximately 41.01%, and the percentage of the Shares (including A Shares and H Shares) held by the public in the total number of Shares upon completion of the Rights Issue is expected to be approximately 57.92%.

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Scenario 3: For illustrative purpose, the following table sets out the Company's current shareholding structure and the proposed shareholding structure upon completion of the Rights Issue, assuming the Rights Issue is conducted on the basis of three (3) Rights Shares for every ten (10) existing Shares, the A Rights Shares are fully subscribed, none of the H Rights Shares are subscribed, and no change in the total issued Shares of the Company from the Latest Practicable Date to the Record Date:

Name of Shareholders	Class of Shares	As at the Latest Practicable Date		Immediately after completion of the Rights Issue	
		Number of Shares held	Approximate percentage of the total number of Shares in issue	Number of Shares held	Approximate percentage of the total number of Shares in issue
Central Huijin	A Shares	1,936,155,680	40.11%	2,517,002,384	44.12%
China Jianyin Investment Limited ^{Note 1}	A Shares	911,600	0.02%	1,185,080	0.02%
JIC Investment Co., Ltd. ^{Note 1}	A Shares	911,600	0.02%	1,185,080	0.02%
China Investment Consulting Co., Ltd. ^{Note 1}	A Shares	911,600	0.02%	1,185,080	0.02%
The Group ^{Note 2}	A Shares	6,500	0.00%	8,450	0.00%
The Group ^{Note 2}	H Shares	82,230,430	1.70%	82,230,430	1.44%
Central Huijin and its concert parties	A Shares and H Shares	2,021,127,410	41.87%	2,602,796,504	45.63%
Other A Shareholders	A Shares	984,645,460	20.40%	1,280,039,098	22.44%
Other H Shareholders	H Shares	1,821,483,998	37.73%	1,821,483,998	31.93%
Independent Shareholders	A Shares and H Shares	2,806,129,458	58.13%	3,101,523,096	54.37%
Total number of Shares in issue	A Shares and H Shares	4,827,256,868	100%	5,704,319,600	100%

Notes:

- (A) For the notes in the table above, please refer to the corresponding footnotes set out in Scenario 1 above.
- (B) Based on the information available to the Company and to the knowledge of the Directors, the Shares in Note 1 and 4 set out in Scenario 1 shall not be counted as part of the public float; as at the Latest Practicable Date, the percentage of the H Shares held by the public in the total number of Shares is approximately 39.29%, and the percentage of the Shares (including A Shares and H Shares) held by the public in the total number of Shares is approximately 59.68%. Immediately after completion of the Rights Issue, the percentage of the H Shares held by the public in the total number of Shares upon completion of the Rights Issue is expected to be approximately 33.25%, and the percentage of the Shares (including A Shares and H Shares) held by the public in the total number of Shares upon completion of the Rights Issue is expected to be approximately 55.69%.

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Scenario 4: For illustrative purpose, the following table sets out the Company's current shareholding structure and the proposed shareholding structure upon completion of the Rights Issue, assuming the Rights Issue is conducted on the basis of three (3) Rights Shares for every ten (10) existing Shares, 70% of the A Rights Shares are subscribed, none of the H Rights Shares are subscribed, and no change in the total issued Shares of the Company from the Latest Practicable Date to the Record Date:

Name of Shareholders	Class of Shares	As at the Latest Practicable Date		Immediately after completion of the Rights Issue	
		Number of Shares held	Approximate percentage of the total number of Shares in issue	Number of Shares held	Approximate percentage of the total number of Shares in issue
Central Huijin	A Shares	1,936,155,680	40.11%	2,517,002,384	46.26%
China Jianyin Investment Limited ^{Note 1}	A Shares	911,600	0.02%	1,185,080	0.02%
JIC Investment Co., Ltd. ^{Note 1}	A Shares	911,600	0.02%	1,185,080	0.02%
China Investment Consulting Co., Ltd. ^{Note 1}	A Shares	911,600	0.02%	1,185,080	0.02%
The Group ^{Note 2}	A Shares	6,500	0.00%	8,450	0.00%
The Group ^{Note 2}	H Shares	82,230,430	1.70%	82,230,430	1.51%
Central Huijin and its concert parties	A Shares and H Shares	2,021,127,410	41.87%	2,602,796,504	47.84%
Other A Shareholders	A Shares	984,645,460	20.40%	1,016,920,279	18.69%
Other H Shareholders	H Shares	1,821,483,998	37.73%	1,821,483,998	33.48%
Independent Shareholders	A Shares and H Shares	2,806,129,458	58.13%	2,838,404,277	52.17%
Total number of Shares in issue	A Shares and H Shares	4,827,256,868	100%	5,441,200,781	100%

Notes:

- (A) For the notes in the table above, please refer to the corresponding footnotes set out in Scenario 1 above.
- (B) Based on the information available to the Company and to the knowledge of the Directors, the Shares in Note 1 and 4 set out in Scenario 1 shall not be counted as part of the public float; as at the Latest Practicable Date, the percentage of the H Shares held by the public in the total number of Shares is approximately 39.29%, and the percentage of the Shares (including A Shares and H Shares) held by the public in the total number of Shares is approximately 59.68%. Immediately after completion of the Rights Issue, the percentage of the H Shares held by the public in the total number of Shares upon completion of the Rights Issue is expected to be approximately 34.85%, and the percentage of the Shares (including A Shares and H Shares) held by the public in the total number of Shares upon completion of the Rights Issue is expected to be approximately 53.54%.

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According to public information, as at the Latest Practicable Date, the Company's public float percentage complies with the requirements under Rule 8.08 of the Listing Rules. Upon the completion of the Rights Issue, the Company's public float percentage will continue to comply with the requirements under Rule 8.08 of the Listing Rules.

Intention of Central Huijin regarding the Company

As at the Latest Practicable Date, Central Huijin had no intention to introduce any major changes in the business of the Company, including any redeployment of fixed assets of the Company, or to discontinue the employment of the employees of the Group other than in the ordinary course of business of the Group.

Implications Under the Takeovers Code and Application for Whitewash Waiver

As of the Latest Practicable Date, Central Huijin and its concert parties hold in aggregate 2,021,127,410 Shares, representing approximately 41.87% of the total issued Shares of the Company. As illustrated in the section headed "Shareholding Structure of the Company and Scenario Analyses", upon completion of the Rights Issue, Central Huijin and its concert parties' voting rights in the Company will increase to up to 2,602,796,504 Shares or approximately 47.84% of the total issued Shares of the Company, i.e. by up to 581,669,094 Shares or approximately 5.97% as compared with its lowest voting rights percentage in the 12 months preceding the completion of the Rights Issue, assuming that:

- (i) Central Huijin and its concert parties will fully subscribe their A Rights Shares entitlement;
- (ii) the subscription level of the A Rights Shares of the Company will only reach the minimum requirement of 70% (i.e. condition (vii) set out in the sub-section headed "Conditions of the A Share Rights Issue"); and
- (iii) there is nil subscription for the H Rights Shares by the H Shareholders.

In the absence of the Whitewash Waiver, completion of the Rights Issue may give rise to an obligation on the part of Central Huijin to make a mandatory offer for all the Shares other than those already owned or agreed to be acquired by it under Rule 26.1 of the Takeovers Code.

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An application for the Whitewash Waiver has been submitted to the Executive. The Executive has agreed to grant the Whitewash Waiver from compliance with the obligation to make a mandatory offer under Rule 26.1 of the Takeovers Code subject to, among other things, the passing of the Whitewash Waiver Resolutions, i.e. resolutions approving (A) the Whitewash Waiver by at least 75% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the General Meeting; and (B) the Rights Issue by more than 50% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the General Meeting, as required under the Takeovers Code. The Rights Issue will not proceed if the Whitewash Waiver is withdrawn or revoked prior to the completion of the Rights Issue or if the Whitewash Waiver Resolutions do not pass.

As at the Latest Practicable Date, the Company does not believe that the Rights Issue Plan gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). The Company notes that the Executive may not grant the Whitewash Waiver if the Rights Issue Plan does not comply with other applicable rules and regulations.

Central Huijin and its concert parties and those who are involved in or interested in the Rights Issue Plan and/or the Whitewash Waiver will be required to abstain from voting in respect of the special resolution number 9 as set out in the notice of the General Meeting, and any votes cast by such persons in respect of the special resolution number 2 as set out in the notice of the General Meeting will not be counted for the purposes of determining whether the Rights Issue has been approved by more than 50% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the General Meeting in accordance with the Takeovers Code.

Prior to the Rights Issue, Central Huijin, which is the existing controlling shareholder of the Company, together with its concert parties, hold approximately 41.87% of the total issued Shares of the Company. Immediately upon completion of the Rights Issue, assuming no other change in the number of issued Shares in the Company, Central Huijin will remain as a controlling shareholder of the Company. The Rights Issue will not result in the change in controlling shareholder of the Company.

Waiver from the Obligation to comply with Rule 10 of the Takeovers Code in relation to the Relevant Information

While the relevant information under the section headed “I. Calculation of the Impact of the Rights Issue on the Company’s Key Financial Indicators (一、本次配股對公司主要財務指標的影響測算)” (the “**Relevant Information**”) in the proposal as set out in Appendix V to this circular constitutes profit forecast under Rule 10 of the Takeovers Code, **Shareholders and other investors should note that the Relevant Information has not been prepared to a standard required under Rule 10 of the Takeovers Code and has not been reported on in accordance with Rule 10. Therefore, the Relevant Information should not be relied upon as a forecast of any future profitability or other financial position of the Company.**

LETTER FROM THE BOARD

Shareholders and other investors should exercise caution when reading and interpreting the Relevant Information and when assessing the merits or demerits of the Rights Issue Plan and dealing or investing in the Shares or other securities of the Company.

On the basis that (i) inclusion of the Relevant Information in the announcement headed “Announcement on the Risk Reminder of and Remedial Measures for Dilution of Immediate Returns as a Result of the Proposed Rights Issue to the Existing Shareholders and the Undertakings by the Relevant Parties (關於向原股東配售股份攤薄即期回報的風險提示及填補措施與相關主體承諾的公告)” issued by the Company and published on the website of the SSE (www.sse.com.cn) on September 13, 2022 in relation to the A Share Rights Issue Plan (as reproduced in Appendix V of this circular) is required under the relevant laws, rules and/or regulations in the PRC; (ii) the scenarios set out in the Relevant Information are assumptions for illustrative purposes only with reference to the relevant laws, rules and/or regulations in the PRC and are not intended by the Company to be forecasts of the net profit of the Company for the year ending December 31, 2022; (iii) it would be unnecessary and inappropriate for the reporting requirements under Rule 10 of the Takeovers Code to be satisfied in respect of the Relevant Information which are illustrative purposes only; and (iv) appropriate disclaimers have been included in the A Share Risk Reminder Announcement published on the HKEXnews website of The Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) as an overseas regulatory announcement on September 13, 2022 and reproduced in this circular, the Executive has granted a waiver to the Company from its obligation to comply with Rule 10 of the Takeovers Code in respect of the Relevant Information.

Establishment of Independent Board Committee and Appointment of Independent Financial Adviser

Pursuant to Rule 2.8 of the Takeovers Code, members of the Independent Board Committee should comprise all non-executive Directors who have no interest in the Rights Issue Plan and the Whitewash Waiver other than as a Shareholder.

The Independent Board Committee (comprising Ms. Tan Lixia and Mr. Duan Wenwu, being the non-executive Directors, and Mr. Liu Li, Mr. Ng Kong Ping Albert, Mr. Lu Zhengfei and Mr. Peter Hugh Nolan, being the independent non-executive Directors) has been formed in accordance with Rule 2.8 of the Takeovers Code to advise the Independent Shareholders on the Whitewash Waiver Resolutions.

Mr. Shen Rujun, a non-executive Director of the Company, is currently the vice-chairman, executive director and president of Central Huijin and is therefore not considered as independent for the purpose of giving advice or recommendations to the Independent Shareholders.

Somerley Capital Limited has been appointed as the Independent Financial Adviser by the Company with the approval by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in relation to the Whitewash Waiver Resolutions.

LETTER FROM THE BOARD

General Information

Information about the Company

Founded in 1995, the Company is committed to providing high quality, value-added financial services to a diversified client base, and has established a full-service business model that offers investment banking, equities, FICC, asset management, private equity and wealth management services, all of which draw on our comprehensive research coverage and information technology.

Information about Central Huijin

Central Huijin is a state-owned investment company incorporated in accordance with the Company Law. Central Huijin, in accordance with authorization by the State Council, makes equity investments in major state-owned financial enterprises, and shall, to the extent of its capital contribution, exercise the rights and perform the obligations as a capital contributor on behalf of the PRC in accordance with applicable laws, so as to achieve the goal of preserving and enhancing the value of state-owned financial assets. Central Huijin does not conduct any other business or commercial activity, and does not intervene in the daily business operations of the key state-owned financial enterprise in which it holds controlling shareholding.

3. Proposal Regarding the Plan on Public Issuance of Securities by Way of Rights Issue in 2022 of the Company

To promote the stable and high-quality development of the Company, further enhance the capital strength of the Company, and strengthen the core competitiveness and risk resistance capabilities of the Company, the Company proposes to issue Rights Shares to its existing Shareholders. Pursuant to the provisions of relevant laws, regulations and prescriptive documents such as the Company Law, the Securities Law, the Administrative Measures, the *Q&A on Issuance Regulation – Regulatory Requirements on Guiding and Regulating the Financing Behaviors of Listed Companies (Revised)* (《發行監管問答 – 關於引導規範上市公司融資行為的監管要求(修訂版)》) and the Listing Rules, the Company prepared the *Plan on Public Issuance of Securities by Way of Rights Issue in 2022 of China International Capital Corporation Limited*. Please refer to Appendix II to this circular for details.

The above proposal was considered and approved by the Board, and is hereby proposed at the 2022 First EGM and the Shareholders' Class Meetings for Shareholders' consideration and approval.

LETTER FROM THE BOARD

4. Proposal Regarding the Authorization to the Board of Directors and Its Authorized Person(s) to Deal with Matters in Connection with the 2022 Rights Issue of the Company

To successfully implement the work related to the Rights Issue of the Company, the Board hereby proposes for the shareholders' general meeting to authorize, confirm or ratify the Board and its authorized person(s) to decide and deal with, within the framework, principles and validity period as reviewed and approved at the shareholders' general meeting, all matters relating to the Rights Issue, including but not limited to:

- (1) to formulate and implement a specific plan for the Rights Issue and determine the specific matters in the plan covering all aspects relating to the issue plan, including the time of the implementation of the Rights Issue, proportion and quantity of the Rights Issue, Rights Issue Price, starting and ending dates of the Rights Issue, and actual size of proceeds, pursuant to the resolutions passed at the shareholders' general meeting and with reference to actual circumstances, to such extent as the laws, regulations and other prescriptive documents would allow;
- (2) where necessary, under the principle of maximizing the interests of the Company and for the purpose of the Rights Issue, to make adjustments or amendments to the plan of the Rights Issue and documents including relevant measures and undertakings, including but not limited to, the adjustments to the specific investment and utilization plan for the proceeds from the Rights Issue, the amount of proceeds to be invested therein and the schedule thereof, as well as the adjustments to the proportion of the Rights Issue and number of the Rights Shares to be issued and the Rights Issue Price, and continue to proceed with the Rights Issue (except for the matters which shall be voted at the shareholders' general meeting as required by relevant laws, regulations, prescriptive documents and the Articles of Association), in accordance with any forthcoming requirements, guidelines and policies in relation to rights issue to be implemented by the PRC or securities regulatory authorities, the market conditions, and the opinions from the stock exchanges at the place where the Shares of the Company are listed and other regulatory authorities;
- (3) pursuant to the laws, regulations, prescriptive documents, opinions and requirements of relevant governmental and regulatory institutions, stock exchanges and securities registration and clearing institutions, to handle matters related to the Rights Issue, including but not limited to, compile, sign, supplement, amend, report, submit, execute and suspend relevant reporting documents and other legal documents related to the Rights Issue; to handle matters in relation to the Whitewash Waiver on behalf of the Company; and to authorize two Directors as determined by the Board to sign the rights issue prospectuses and handle the registration and filing of the rights issue prospectuses on behalf of the Company, including (i) signing the rights issue prospectus in relation to the A Share Rights Issue to be submitted to the SFC and the Companies Registry in Hong Kong for approval, registration and filing; (ii) signing the rights issue prospectus in relation to the H Share Rights Issue to be submitted

LETTER FROM THE BOARD

to the Hong Kong Stock Exchange and the Companies Registry in Hong Kong for approval, registration and filing; (iii) filing with the CSRC regarding the allotment of Shares under the H Share Rights Issue to the original domestic Shareholders in accordance with relevant requirements; (iv) handling all other matters related to the aforesaid approval/registration of the rights issue prospectuses in Hong Kong and the aforesaid filing with the CSRC of the H Share Rights Issue on behalf of the Company; and (v) handling information disclosure matters related to the Rights Issue in accordance with the regulatory requirements (including the issue of any disclosure documents in relation to the rights issue on any exchange). Within the scope of the above authorization, the two Directors may authorize relevant personnel on behalf of the Company to handle the above matters;

- (4) to draft, amend, sign, submit, publish, disclose, implement, suspend or terminate all agreements or other important documents in connection with the Rights Issue; to decide on the selection and establishment of a special account for the proceeds from the Rights Issue, handle the matters relating to the use of the proceeds from the Rights Issue, and make specific arrangements for the allocation and use of the proceeds from the Rights Issue within the scope of the resolution passed at the shareholders' general meeting;
- (5) upon completion of the Rights Issue, to handle matters related to the registration of the Shares issued in the Rights Issue with the securities registration and clearing institutions and the stock exchanges at the place where the securities are listed, as well as the listing of the Shares issued in the Rights Issue on the SSE and the Hong Kong Stock Exchange;
- (6) to amend the relevant provisions in the Articles of Association regarding the registered capital, the total number of Shares and the shareholding structure, and to carry out capital verification, modification of the business registration and relevant filings procedures according to the actual outcome of the Rights Issue;
- (7) to handle subsequent matters related to the Rights Issue in accordance with relevant domestic and foreign laws and regulations, including but not limited to repay any Shareholder who made subscription under the Rights Issue an amount equivalent to the issue price together with any deposit interest from the bank during the same period in the event of a failed Rights Issue due to the expiry of best-efforts underwriting period of the A Rights Issue, during which A Shares subscribed by original A Shareholders represent less than 70% of the amount of the A Shares to be issued under the A Share Rights Issue;
- (8) to handle other matters related to the Rights Issue.

LETTER FROM THE BOARD

The authorizations under items (5), (6) and (7) above will take effect from the date of approval by the General Meeting, the A Share Class Meeting and the H Share Class Meeting of the Company and be valid during the existence of the relevant matters, and the other authorizations under the remaining items shall be valid for 12 months from the date of approval by the General Meeting, the A Share Class Meeting and the H Share Class Meeting of the Company.

In the meantime, the Board proposed to the General Meeting, the A Share Class Meeting and the H Share Class Meeting for approval that the Board may authorize relevant persons to individually or jointly deal with the matters related to the Rights Issue (if necessary), provided that it has obtained the authorizations set out above, except as otherwise provided by relevant laws, regulations and the Articles of Association.

The above proposal was considered and approved by the Board, and is hereby proposed at the 2022 First EGM and the Shareholders' Class Meetings for Shareholders' consideration and approval.

5. Proposal Regarding the Report on the Use of Previously Raised Proceeds of the Company

Pursuant to the *Rules on Report on Use of Previously Raised Proceeds* (《關於前次募集資金使用情況報告的規定》) issued by the CSRC, the Company has verified the use of the previously raised proceeds and prepared the *Report on the Use of Previously Raised Proceeds of China International Capital Corporation Limited*. Please refer to Appendix III to this circular for details.

The above proposal was considered and approved by the Board, and is hereby proposed at the 2022 First EGM for Shareholders' consideration and approval.

6. Proposal Regarding the 2022 Feasibility Analysis Report on the Use of Proceeds from the Rights Issue of the Company

To promote the stable and high-quality development of the Company, further enhance the capital strength of the Company, and strengthen the core competitiveness and risk resistance capabilities of the Company, the Company proposes to issue Rights Shares to its existing Shareholders. In accordance with the provisions of relevant laws, regulations and prescriptive documents such as the Company Law, the Securities Law, the Administrative Measures, the *Q&A on Issuance Regulation – Regulatory Requirements on Guiding and Regulating the Financing Behaviors of Listed Companies (Revised)* (《發行監管問答 – 關於引導規範上市公司融資行為的監管要求(修訂版)》) and the Listing Rules, the Company prepared the *2022 Feasibility Analysis Report on the Use of Proceeds from the Rights Issue of China International Capital Corporation Limited*. Please refer to Appendix IV to this circular for details.

The above proposal was considered and approved by the Board, and is hereby proposed at the 2022 First EGM and the Shareholders' Class Meetings for Shareholders' consideration and approval.

LETTER FROM THE BOARD

7. Proposal Regarding the Risk Reminder of and Remedial Measures for Dilution of Immediate Returns as a Result of the Proposed Rights Issue to the Existing Shareholders and the Undertakings by the Relevant Parties of the Company

According to the requirements of the Company Law, the Securities Law, the *Opinions of the General Office of the State Council on Further Strengthening the Work of Protection of the Rights and Interests of Minority Investors in Capital Market* (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》) and the *Guidance Opinion on Matters Pertaining to Dilution of Return for the Immediate Period Resulting from Initial Offering and Follow-on Offerings or Material Asset Restructuring* (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》) issued by CSRC and relevant laws and regulations, in order to protect the legitimate rights and interests of all Shareholders, the Company has conducted the relevant analysis on the impact of the Rights Issue on the dilution of immediate returns, put forward specific remedial measures, and prepared the *Risk Reminder of and Remedial Measures for Dilution of Immediate Returns as a Result of the Proposed Rights Issue to the Existing Shareholders and the Undertakings by the Relevant Parties of China International Capital Corporation Limited*. Please refer to Appendix V of this circular for details.

The above proposal was considered and approved by the Board, and is hereby proposed at the 2022 First EGM and the Shareholders' Class Meetings for Shareholders' consideration and approval.

8. Proposal Regarding Exempting Central Huijin from Making an Offer under the applicable PRC laws and regulations

Prior to the Rights Issue, Central Huijin, the shareholder of the Company, holds more than 30% of the Company's issued Shares.

According to relevant requirements of the Securities Law and the *Administrative Measures for the Acquisition of Listed Companies* (《上市公司收購管理辦法》), Central Huijin may trigger its general offer obligation as a result of its participation in the Company's Rights Issue. However, as Central Huijin has undertaken not to transfer the new A Rights Shares obtained from the Rights Issue by the Company within three years, and each of China Jianyin Investment Limited, JIC Investment Co., Ltd. and China Investment Consulting Co., Ltd. (each directly or indirectly wholly-owned by Central Huijin) has undertaken not to transfer the new A Right Shares obtained from the Rights Issue by the Company within three years if it participates in the Rights Issue, in the event that the shareholders' general meeting of the Company having approved that Central Huijin shall be exempted from making an offer, Central Huijin may be exempted from making an offer under such applicable PRC laws and regulations.

LETTER FROM THE BOARD

The above proposal was considered and approved by the Board, and is hereby submitted to Shareholders at the 2022 First EGM to consider and approve that when the Rights Issue triggers Central Huijin's offer obligation under the applicable PRC laws and regulations, Central Huijin shall be exempted from making an offer. Central Huijin and its directly or indirectly wholly-owned entities, China Jianyin Investment Limited, JIC Investment Co., Ltd. and China Investment Consulting Co., Ltd., shall abstain from voting on this resolution.

9. Proposal Regarding the Whitewash Waiver in relation to waiving the Obligation of Central Huijin to Make A Mandatory General Offer

Prior to the Rights Issue, Central Huijin, the shareholder of the Company, holds more than 30% but less than 50% of the issued Shares of the Company. Subscription of the Rights Shares by Central Huijin pursuant to the Rights Issue may give rise to the obligation on the part of Central Huijin to make a mandatory offer for the Shares under the Takeovers Code. Pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, Central Huijin may apply to the Executive for the Whitewash Waiver of such obligation to make a mandatory general offer arising in connection with the Rights Issue, provided that such Whitewash Waiver shall be subject to approval by the Independent Shareholders at the General Meeting.

The above proposal was considered and approved by the Board, and is hereby submitted to Shareholders at the 2022 First EGM to (i) consider and approve the Whitewash Waiver and (ii) to authorize the Board of Directors to delegate to the management committee of the Company and its authorized person(s) to handle the matters relating to the Whitewash Waiver on behalf of the Company and sign, submit or issue relevant documents (including the publication of any disclosure documents relating to the Whitewash Waiver on any stock exchange or issuance of any confirmation in relation to the Whitewash Waiver to any regulatory authority, and the affixation of the common seal of the Company on documents which require affixation of common seal) and to take relevant steps to carry out or give effect to any matter in relation to or in connection with the Whitewash Waiver.

The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the passing of the Whitewash Waiver Resolutions, i.e. resolutions approving (A) the Whitewash Waiver by at least 75% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the General Meeting; and (B) the Rights Issue by more than 50% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the General Meeting, as required under the Takeovers Code.

III. THE 2022 FIRST EGM AND THE 2022 FIRST H SHAREHOLDERS' CLASS MEETING

The forms of proxy of the 2022 First EGM and the 2022 First H Shareholders' Class Meeting are enclosed herewith.

LETTER FROM THE BOARD

If you intend to appoint a proxy to attend the 2022 First EGM and/or the 2022 First H Shareholders' Class Meeting, please complete the enclosed form(s) of proxy in accordance with the instructions printed thereon and return the same to Computershare Hong Kong Investor Services Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for H Shareholders) not less than 24 hours before the time appointed for holding the 2022 First EGM and/or the 2022 First H Shareholders' Class Meeting (that is not later than 2:00 p.m. (in respect of the 2022 First EGM) and 3:00 p.m. (in respect of the 2022 First H Shareholders' Class Meeting) respectively on Sunday, October 23, 2022 (Beijing time)) or any adjournment thereof in person or by post. Completion and return of the form(s) of proxy will not preclude you from attending and voting in person at the 2022 First EGM and/or the 2022 First H Shareholders' Class Meeting or any adjournment thereof if you so wish, but in such event the form(s) of proxy shall be deemed to be revoked.

For the purposes of facilitating the prevention and control of the COVID-19 pandemic, and in order to protect the health and safety of the Shareholders attending the meetings, and to reduce personnel gathering and risk of public health and personal infection, the Company recommends that H Shareholders attend the 2022 First EGM and the 2022 First H Shareholders' Class Meeting by completing the proxy form(s) to designate the chairman of the 2022 First EGM and the 2022 First H Shareholders' Class Meeting to vote on their behalf if they plan to attend the 2022 First EGM and the 2022 First H Shareholders' Class Meeting.

The venue, method, registration and other arrangements of the 2022 First EGM and the 2022 First H Shareholders' Class Meeting may be subject to adjustments taking into account the uncertainties of the COVID-19 pandemic. The Company may issue further announcement(s) on such adjustments as appropriate.

IV. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. As such, the chairman of the 2022 First EGM, the 2022 First A Shareholders' Class Meeting and/or the 2022 First H Shareholders' Class Meeting will exercise his power under the Articles of Association to demand a poll for the resolutions proposed at the 2022 First EGM, the 2022 First A Shareholders' Class Meeting and/or the 2022 First H Shareholders' Class Meeting.

With respect to special resolution number 8 as set out in the notice of the General Meeting, Central Huijin and its directly or indirectly wholly-owned entities, namely, China Jianyin Investment Limited, JIC Investment Co., Ltd. and China Investment Consulting Co., Ltd. shall abstain from voting.

LETTER FROM THE BOARD

With respect to special resolution number 9 as set out in the notice of the General Meeting, Central Huijin and its concert parties, and those who are involved in or interested in the Rights Issue Plan and/or the Whitewash Waiver will be required to abstain from voting on such resolutions to be proposed at the General Meeting. With respect to special resolution number 2 as set out in the notice of the General Meeting, as it is required to be passed by both (a) not less than two-thirds of the votes cast by way of poll by the Shareholders present and voting in person or by proxy at the 2022 First EGM and (b) more than 50% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the 2022 First EGM, any votes cast by Central Huijin and its concert parties, and those who are involved in or interested in the Rights Issue Plan and/or the Whitewash Waiver will not be counted for the purposes of determining whether the Rights Issue has been approved by more than 50% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the 2022 First EGM in accordance with the Takeovers Code.

V. RECOMMENDATION

Having taken into account, amongst others, the principal factors and reasons considered by, and the advice of the Independent Financial Adviser as set out in the section headed “Letter from the Independent Financial Adviser” in this circular, the Independent Board Committee concurs with the view of the Independent Financial Adviser and considers that the terms of the Rights Issue and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee concurs with the Independent Financial Adviser and would recommend the Independent Shareholders to vote in favor of the resolutions to be proposed at the General Meeting to approve the Right Issue and the Whitewash Waiver.

Shareholders are advised to read the “Letter from the Independent Board Committee” and “Letter from the Independent Financial Adviser” as set out on pages 38 to 39 and 40 to 86 respectively of this circular.

In addition, the Board considers that all resolutions proposed at the 2022 First EGM, the 2022 First A Shareholders’ Class Meeting and the 2022 First H Shareholders’ Class Meeting are in the interests of the Company and its Shareholders as a whole. As such, the Board recommends you to vote in favor of all resolutions proposed at the 2022 First EGM, the 2022 First A Shareholders’ Class Meeting and the 2022 First H Shareholders’ Class Meeting.

Yours faithfully,

By order of the Board

China International Capital Corporation Limited

Secretary to the Board

Sun Nan



China International Capital Corporation Limited
中國國際金融股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 03908)

September 30, 2022

To the Independent Shareholders

Dear Sir or Madam,

(1) RIGHTS ISSUE PLAN; AND
(2) APPLICATION FOR WHITEWASH WAIVER

We refer to the circular of the Company dated September 30, 2022 (the “**Circular**”), of which this letter forms part. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Rights Issue Plan and the Whitewash Waiver, details of which are set out in the “Letter from the Board” in the Circular. Somerley Capital Limited has been appointed as the Independent Financial Adviser with our approval to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the “Letter from the Board” set out on pages 8 to 37 of the Circular and the “Letter from the Independent Financial Adviser” set out on pages 40 to 86 of the Circular and the additional information set out in the appendices of this Circular.

Having taken into account, among other things, the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser as set out in the “Letter from the Independent Financial Adviser” in the Circular, we concur with the view of the Independent Financial Adviser and consider that the terms of the Rights Issue and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend you to vote in favour of the resolutions to be proposed at the General Meeting to approve the Rights Issue and the Whitewash Waiver.

Yours faithfully,
Independent Board Committee

Tan Lixia Duan Wenwu
Non-executive Directors

Liu Li Ng Kong Ping Albert Lu Zhengfei Peter Hugh Nolan
Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter from the Independent Financial Adviser, Somerley Capital Limited, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED

20th Floor

China Building

29 Queen's Road Central

Hong Kong

September 30, 2022

*To: the Independent Board Committee and
the Independent Shareholders*

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE OF A SHARES AND H SHARES AND APPLICATION FOR WHITEWASH WAIVER

INTRODUCTION

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Whitewash Waiver Resolutions (i.e. resolutions to approve (a) the Rights Issue by more than 50% of the independent votes, and (b) the Whitewash Waiver by at least 75% of the independent votes, cast by the Independent Shareholders at the General Meeting, as required under the Takeovers Code), details of which are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated September 30, 2022 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein.

On September 13, 2022, the Company announced the Rights Issue Plan to raise up to RMB27 billion, by way of the issuance of the A Rights Shares to the A Shareholders and the issuance of the H Rights Shares to the Qualified H Shareholders at the Rights Issue Price, on the basis of up to three (3) Rights Shares for every ten (10) Shares held on the Record Date, subject to the fulfilment of the Conditions.

As at the Latest Practicable Date, Central Huijin and its concert parties held in aggregate 2,021,127,410 Shares, representing approximately 41.87% of the total issued Shares. Upon completion of the Rights Issue, Central Huijin and its concert parties' voting rights in the Company may increase by up to approximately 5.97% as compared with its lowest voting rights percentage in the 12 months preceding completion of the Rights Issue, assuming that Central Huijin and its concert parties fully subscribe for their A Rights Shares entitlements and a minimum level of subscription by other Shareholders (as explained in the section below

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

headed “9. Whitewash Waiver”). In the absence of the Whitewash Waiver, completion of the Rights Issue may give rise to an obligation on the part of Central Huijin to make a mandatory offer for all the Shares other than those already owned or agreed to be acquired by it under Rule 26.1 of the Takeovers Code. An application for the Whitewash Waiver has been submitted to the Executive. The Executive has agreed to grant the Whitewash Waiver from compliance with the obligation to make a mandatory offer under Rule 26.1 of the Takeovers Code subject to, among other things, the passing of the Whitewash Waiver Resolutions, as required under the Takeovers Code. The Rights Issue will not proceed if the Whitewash Waiver is withdrawn or revoked prior to completion of the Rights Issue or if the Whitewash Waiver Resolutions do not pass.

Pursuant to Rule 2.8 of the Takeovers Code, members of the Independent Board Committee should comprise all non-executive Directors of the Company who have no interest in the Rights Issue Plan and the Whitewash Waiver other than as a Shareholder. The Independent Board Committee, comprising Ms. Tan Lixia and Mr. Duan Wenwu, being the non-executive Directors of the Company and Mr. Liu Li, Mr. Ng Kong Ping Albert, Mr. Lu Zhengfei and Mr. Peter Hugh Nolan, being the independent non-executive Directors of the Company, has been formed in accordance with Rule 2.8 of the Takeovers Code to advise the Independent Shareholders in relation to the Whitewash Waiver Resolutions. Mr. Shen Rujun, a non-executive Director of the Company, is currently the vice-chairman, executive director and president of Central Huijin and is therefore not considered as independent for the purpose of giving advice or recommendations to the Independent Shareholders. With the approval of the Independent Board Committee, we have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We are not associated or connected with the Group, or Central Huijin and its concert parties and accordingly, we are considered eligible to give independent advice to the Independent Board Committee and the Independent Shareholders on the Whitewash Waiver Resolutions. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we will receive any payment or benefits from the Group, or Central Huijin and its concert parties. During the past two years, there was no engagement between (a) the Company or Central Huijin and (b) Somerley. Somerley is not aware of any circumstances as set out in Rule 13.84 of the Listing Rules or any other matters that could reasonably be regarded as a hindrance to our independence to act as the Independent Financial Adviser.

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and the management of the Group, which we have assumed to be true, accurate and complete at the time they were provided and will remain so up to the time of the General Meeting. We have also assumed that all information and representations contained or referred to in the Circular were true, accurate and complete at the time they were made and as at the date of the Circular and will continue to be true up to the time of the General Meeting. Pursuant to Rule 9.1 of the Takeovers Code, Shareholders will be informed as soon as reasonably practicable if we become aware of any material change to such information and representations, or the content of this letter, up to the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

time of the General Meeting. We have reviewed the published information on the Company, including its annual reports for the years ended December 31, 2020 and 2021 and its interim reports for the six months ended June 30, 2021 and 2022, the announcements made by the Company in relation to the Rights Issue Plan (the “**Rights Issue Announcements**”) dated September 13, 2022 published on the websites on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, and the information contained in the Circular. We have discussed with the Executive Director (on behalf of the Board) the statements set out in Appendix VI to the Circular that, save as disclosed in that section, there has been no material change in the financial or trading position or outlook of the Group since December 31, 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date. We have also discussed certain financing alternatives with the management of the Group, and reviewed the trading performance of the H Shares on the Hong Kong Stock Exchange and the A Shares on the Shanghai Stock Exchange. We have sought and received confirmation from the Company that all material relevant information has been supplied to us, and no material facts have been omitted from the information supplied and opinions expressed to us. We consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, or to doubt the truth, accuracy or completeness of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group, or Central Huijin and its concert parties, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the following principal factors and reasons:

1. Background of the Group

The Company is a joint stock company incorporated in the PRC with limited liability, with a goal to become a world-class financial institution with global influence. The Group is principally engaged in investment banking, equities, fixed-income, commodities and currencies (“**FICC**”), asset management, private equity, wealth management and relevant financial services. Set out below is a brief description of each business segment:

Investment Banking: mainly provides investment banking services, including equity financing, debt and structured financing and financial advisory services to domestic and overseas corporations and institutional clients; revenue and other income from investment banking segment accounted for approximately 16.6% and 9.9% of the Group’s total in 2021 and the first half of 2022 respectively.

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- Equities:** mainly provides one-stop integrated financial services such as investment research, sales, trading, products and cross-border services to domestic and overseas professional investors, including institutional trading services and capital services such as primary brokerage, over-the-counter derivatives, capital introduction and market-making transactions; revenue and other income from equities segment accounted for approximately 25.3% and 25.1% of the Group's total in 2021 and the first half of 2022 respectively.
- FICC:** mainly provides a package of services and supports in the areas of market making and financing to domestic and overseas institutional and corporate clients on fixed-income products such as interest rate, credit and structured products, as well as on overseas exchange and commodities; revenue and other income from FICC segment accounted for approximately 15.6% and 19.8% of the Group's total in 2021 and the first half of 2022 respectively.
- Asset Management:** mainly designs and provides a wide range of asset management products and services to domestic and overseas investors, including social security and annuity investment management business, institutional entrusted investment management business, overseas asset management business, retail and mutual fund business; revenue and other income from asset management segment accounted for approximately 3.8% and 4.2% of the Group's total in 2021 and the first half of 2022 respectively.
- Private Equity:** mainly designs and provides integrated private equity fund products and services to domestic and overseas investors, mainly including corporate equity funds, Funds of Funds, dollar funds, real asset funds and infrastructure funds; revenue and other income from private equity segment accounted for approximately 6.2% and 4.4% of the Group's total in 2021 and the first half of 2022 respectively.
- Wealth Management:** mainly provides a wide range of wealth management products and services, consisting of transactional services, capital services and product configuration services, to retail clients, families and corporate clients; revenue and other income from wealth management segment accounted for approximately 27.4% and 29.2% of the Group's total in 2021 and the first half of 2022 respectively.
- Others:** mainly comprises other business departments and back offices.

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As at June 30, 2022, the Group has over 200 securities business offices and branches in 30 provinces and municipalities of the PRC and has established international presence in seven financial centres, including Hong Kong, New York, and London.

In 2021 and the first half of 2022, the Group recorded total revenue and other income of approximately RMB41.0 billion and RMB17.7 billion respectively, representing an increase of approximately 26.4% year-on-year and a decrease of approximately 9.4%, compared with that in the first half of 2021, respectively. Profits attributable to the Shareholders in 2021 and the first half of 2022 were approximately RMB10.8 billion and RMB3.8 billion respectively. As at June 30, 2022, the Group had total assets of approximately RMB680.0 billion and net assets attributable to ordinary shareholders of the parent company of RMB78.4 billion. In 2021 and the first half of 2022, the net capital of the Company (of approximately RMB48.2 billion as at December 31, 2021 and approximately RMB47.6 billion as at June 30, 2022) and all other risk control indicators of the Company met the relevant regulatory requirements. For further details and analysis, please refer to the section below headed “3. Financial information and risk control indicators of the Group”.

Development since the listing of H Shares

Following the listing of H Shares in November 2015 with net proceeds of approximately HK\$6.4 billion raised, a number of significant transactions have been conducted, including the acquisition in March 2017 of 100% equity interest in China Investment Securities Company Limited (now renamed as China CICC Wealth Management Securities Company Limited (“**CICC Wealth Management**”), a fully-licensed securities firm in the PRC at the time of the acquisition, which was principally engaged in brokerage business, investment banking business, asset management and proprietary trading business) at a consideration of approximately RMB16.7 billion. Under the terms of such acquisition, approximately 1.7 billion consideration Shares were issued to Central Huijin, such that Central Huijin directly and indirectly held approximately 58.6% equity interest in the Company following completion.

In March 2018, the Company issued approximately 207.5 million new H Shares at HK\$13.80 each to Tencent Mobility Limited. In October 2019, the Company conducted another equity fund raising and issued 176 million new H Shares at HK\$14.40 each to independent third parties.

In November 2020, the Company completed an initial public offering of approximately 458.6 million new A Shares at RMB28.78 each on the Main Board of the Shanghai Stock Exchange. In addition, a total of approximately 2,465.0 million domestic shares held by the original domestic Shareholders, including Central Huijin, were converted into the same number of A Shares. Net proceeds from the listing of A Shares of approximately RMB13.0 billion were used to increase the Group’s capital, replenish its working capital and support its development of domestic and overseas business. Immediately upon completion of the listing of A Shares,

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Central Huijin's direct and indirect equity interest in the Company was diluted to approximately 40.2%. Because Central Huijin's shareholding in the Company is now between 30% and 50%, it needs to make application for a whitewash waiver in the context of the Rights Issue Plan.

As at the Latest Practicable Date, the Company has a total of 4,827,256,868 issued Shares, comprising 2,923,542,440 A Shares and 1,903,714,428 H Shares, and has a market capitalisation of approximately HK\$139 billion, sourced from Bloomberg.

2. Reasons for the Rights Issue

Reasons for the Rights Issue

As set out in the letter from the Board, the Rights Issue aims to promote the stable and high-quality development of the Company, further enhance its capital strength and strengthen its core competitiveness and risk resistance capabilities. The Board believes that the Rights Issue is in the interests of the Company and the Shareholders as a whole, for the following reasons, as summarised from the Rights Issue Announcements.

- (i) *Aligning with the national strategies and seizing development opportunities of the capital market and securities industry*

The state encourages and guides securities companies to further replenish capital, enrich services functions, increase investments in technology and innovation, improve internationalisation initiatives, and strengthen compliance risk management and control. The Rights Issue will enhance the Company's ability to provide cross-border comprehensive financial services and financial products, and accelerate the integration and transformation of its businesses, so as to seize the opportunities from the capital market reform and the development of the securities industry.

- (ii) *Enhancing core competitiveness and actively participating in international market competition*

In the face of competition in the market, the Company needs to accelerate the pace of internationalisation. The Company also needs to increase digital transformation efforts, and optimise its business model and improve its operational efficiency. The Rights Issue will enhance the Company's capital strength to compete with international investment banks and other leading PRC securities houses, enable the Company to expand domestic and overseas market networks and business layout, and enable the Company to better serve the cross-border business needs of global customers. With the Rights Issue, the Company's core competitiveness will also be consolidated and enhanced.

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(iii) Accelerating business development, optimising business layout, and laying the foundation for long-term development

Given its capital-intensive nature, the business development and service capabilities of the Company are closely related to its scale of capital. The Rights Issue will further expand the Company's business development potential, promote the Company's capabilities to consolidate its existing advantages, expand business scales and accelerate the enhancement of emerging business.

The proceeds from the Rights Issue will (i) support the innovation and expansion of capital businesses, and provide customers with comprehensive services with its strengthened balance sheet; (ii) consolidate and expand the scale of the Company's advantages in traditional businesses, enhance its business undertaking capabilities, and accelerate the development of emerging businesses; and (iii) further strengthen its investments in terms of Fin-tech and internationalisation, to seize strategic merger and acquisition opportunities, to accelerate digital development and transformation, and to enhance international market competitiveness and influence. In summary, the Rights Issue will help the Company to enhance its comprehensive service capabilities, laying a solid foundation for the long-term sustainable development.

(iv) Continuously meeting the regulatory requirements for net capital and improving the risk resistance capabilities

At present, China's securities regulators have their risk control indicators focused on net capital and liquidity. In recent years, the Company has been in compliance with the regulatory standards in terms of major risk control indicators. As the Company continuously develop and expand new businesses and products, the pressure on meeting major regulatory indicators has increased. The Rights Issue will enhance the Company's ability to continue to meet the regulatory requirements and further improve the Company's risks resistance capabilities.

Consideration of financing alternatives

The Company has considered other forms of financing alternatives, including further debt financing and other forms of equity financing, before reaching the conclusion of proceeding with the Rights Issue Plan.

In terms of debt financing, the Group issued a number of tranches of long-term debt securities in 2021 and the first half of 2022, with an aggregate principal amount of over RMB64.5 billion, including corporate bonds, subordinated bonds and USD-denominated medium-term notes. Substantial addition of debt financing at a scale similar to the Rights Issue Plan is not considered prudent, given that the Group's gearing ratio has been gradually increasing since its listing of H Shares in 2015, from approximately 76.1% as at December 31, 2015 to approximately 84.1% as at June 30, 2022. In addition, debt financing does not enlarge the Group's net capital and improve its major risk control indicators.

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The Company has also considered other equity financing alternatives. Share placement may not be an appropriate means to raise proceeds of a substantial size as outlined in the Rights Issue Plan under the recent volatile market conditions, and unlike the rights issue which offers an opportunity for the qualified shareholders to participate in the enlargement of a company's capital base in proportion to their existing shareholding interests, share placement would result in immediate dilution to the shareholding interests of existing shareholders who are not involved. In the case of H share open offer, similar to the rights issue, it offers the qualified shareholders to participate, but it does not provide the trading arrangement of rights entitlements in the market, which would be less favourable for the non-participating existing qualified shareholders.

Central Huijin has provided an undertaking to subscribe in cash for all the A Rights Shares offered to it in proportion to the number of Shares directly held by it. This would, to a certain extent, mitigate the uncertainty regarding completion of the Rights Issue. We also note that rights issue is a common equity financing means adopted by the industry peers in recent years, as further analysed in the section below headed "6. Comparison with recent rights issue precedents".

Having discussed with the management of the Group the above considerations as regards other financing alternatives, we are of the view that the Rights Issue is an appropriate means to raise the required equity funds for the purposes as outlined in the section headed "2. Proposal Regarding the 2022 Rights Issue Plan of the Company" in the letter from the Board.

3. Financial information and risk control indicators of the Group

(i) Financial performance

The following table sets out a summary of the Group's audited consolidated statements of profit or loss for the three years ended December 31, 2019, 2020 and 2021, and its unaudited consolidated statements of profit or loss for the six months ended June 30, 2021 and 2022, prepared under the International Financial Reporting Standards, as extracted and summarised from the Company's annual and interim reports:

	For the six months ended June 30,		For the year ended December 31,		
	2022 (RMB million) (unaudited)	2021 (RMB million) (unaudited)	2021 (RMB million) (audited)	2020 (RMB million) (audited)	2019 (RMB million) (audited)
Revenue:					
Fee and commission income	8,336	8,297	19,481	15,615	10,733
Interest income	3,920	3,432	7,276	5,645	4,800
Investment income	5,045	8,163	14,703	13,159	6,959
Total revenue	17,301	19,892	41,461	34,418	22,492
Other income/(losses), net	350	(413)	(497)	(2,016)	291
Total revenue and other income	17,651	19,479	40,964	32,402	22,783

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	For the six months ended June 30,		For the year ended December 31,		
	2022 (RMB million) (unaudited)	2021 (RMB million) (unaudited)	2021 (RMB million) (audited)	2020 (RMB million) (audited)	2019 (RMB million) (audited)
Expenses:					
Fee and commission expenses	1,239	1,105	2,653	1,989	1,186
Interest expenses	4,292	3,943	8,267	6,714	5,896
Staff costs	5,500	6,561	13,327	10,776	7,203
Depreciation and amortisation expenses	760	540	1,183	1,001	913
Tax and surcharges	66	59	134	116	84
Other operating expenses and costs	1,361	1,215	2,979	2,089	2,099
(Reversal of)/provision for impairment losses under expected credit loss model	(68)	(30)	(408)	973	160
Total expenses	13,149	13,394	28,134	23,656	17,541
Operating profit	4,502	6,085	12,831	8,745	5,241
Share of profits/(losses) of associates and joint ventures	16	34	148	(33)	60
Profit before income tax	4,518	6,119	12,978	8,713	5,302
Income tax expense	669	1,103	2,168	1,451	1,054
Profit for the period/year	3,850	5,016	10,810	7,262	4,248
Profit attributable to the Shareholders	3,842	5,007	10,778	7,207	4,239
Basic earnings per share (in RMB per share)	0.74	1.00	2.16	1.60	0.99
Dividend per share (in RMB cents per share)	nil	nil	30	18	nil

Note: Subject to rounding adjustments and may not add up.

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Total revenue and other income

The Group's total revenue and other income are principally derived from (i) fee and commission income mainly from wealth management, equities, investment banking, private equity and asset management segments, including brokerage commission income, underwriting and sponsoring fees, asset management fees, and financial and investment advisory fees; (ii) investment income mainly from equities and FICC segments, mainly including net gains from financial instruments measured at fair value and derivative financial instruments; and (iii) interest income mainly from wealth management segment, mainly including interest income from margin financing and securities lending and financial institutions.

Total revenue and other income of the Group grew in the past three years, increased by approximately 42.2% to approximately RMB32.4 billion in 2020 and further increased by approximately 26.4% to approximately RMB41.0 billion in 2021. For the first half of 2022, the Group recorded total revenue and other income of approximately RMB17.7 billion, representing a decrease of approximately 9.4%, compared with that in the first half of 2021, resulting from an approximately 38.2% decrease in investment income. Set out below is the breakdown of total revenue and other income by business segments for the three years ended December 31, 2019, 2020 and 2021, and for the six months ended June 30, 2021 and 2022:

	For the six months ended June 30,				For the year ended December 31,					
	2022		2021		2021		2020		2019	
	(RMB	%	(RMB	%	(RMB	%	(RMB	%	(RMB	%
	million)		million)		million)		million)		million)	
	(unaudited)		(unaudited)		(audited)		(audited)		(audited)	
Wealth Management	5,155	29.2	4,990	25.6	11,207	27.4	8,422	26.0	5,573	24.5
Equities	4,423	25.1	5,223	26.8	10,366	25.3	6,882	21.2	4,101	18.0
Investment Banking	1,745	9.9	3,019	15.5	6,781	16.6	6,127	18.9	3,865	17.0
FICC	3,487	19.8	3,142	16.1	6,375	15.6	5,960	18.4	5,663	24.9
Private Equity	785	4.4	1,198	6.2	2,545	6.2	2,031	6.3	1,448	6.4
Asset Management	750	4.2	640	3.3	1,552	3.8	1,316	4.1	620	2.7
Others	1,306	7.4	1,267	6.5	2,138	5.2	1,664	5.1	1,512	6.6
Total revenue and other income	17,651	100.0	19,479	100.0	40,964	100.0	32,402	100.0	22,783	100.0

Note: Subject to rounding adjustments and may not add up.

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Business segments contributing 10% or more of the Group's total revenue and other income in 2021 and the first half of 2022 are further analysed below:

(a) Wealth Management

Wealth management segment is the largest contributor to the Group's total revenue and other income in 2021 and the first half of 2022. Segment revenue and other income showed an upward trend, rising from approximately RMB5.6 billion in 2019 to approximately RMB8.4 billion in 2020, and further to approximately RMB11.2 billion in 2021. The increase was mainly due to (i) the significant growth of the Group's existing wealth management products, the size of which increased by approximately 74% and 90% year-on-year in 2020 and 2021 respectively to over RMB300 billion as of the end of 2021, and (ii) the increase in number of wealth management customers by approximately 12.9% and 22.9% year-on-year to approximately 4.5 million as of the end of 2021.

Revenue and other income from wealth management segment continued to grow to approximately RMB5.2 billion in the first half of 2022, along with the continuous increase in number of wealth management customers, reaching approximately 5.5 million as of the end of the period.

(b) Equities

Equities segment is the second largest contributor to the Group's total revenue and other income in 2021 and the first half of 2022. Segment revenue and other income increased by approximately 67.8% to approximately RMB6.9 billion in 2020, and further by approximately 50.6% to approximately RMB10.4 billion in 2021, primarily due to the increase in market share of institutional trading services and investment income from capital services due to larger client coverage, trading volume and business scale.

For the first half of 2022, the Group recorded revenue and other income from this segment of approximately RMB4.4 billion, representing a decrease of approximately 15.3%, compared with that in the first half of 2021, mainly due to the fluctuation of the global stock market during the period of geopolitical conflicts and changes in the monetary environment.

(c) Investment Banking

Revenue and other income from investment banking segment increased by approximately 58.5% to approximately RMB6.1 billion in 2020, and further increased by approximately 10.7% to approximately RMB6.8 billion in 2021, primarily due to an increase in business scale of equity and debt and structured financing and financial advisory services. In particular, the amount from A-share

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initial public offerings underwritten by the Group increased significantly from approximately RMB40.3 billion in 2019 to approximately RMB62.4 billion in 2020 and further to approximately RMB100.5 billion in 2021.

For the first half of 2022, the Group recorded revenue and other income from this segment of approximately RMB1.7 billion, representing a decrease of approximately 42.2%, compared with that in the first half of 2021, mainly due to a change in the investment gains and losses as a result of declines in market value of securities positions held by the Group under the following-investment mechanism on the Science and Technology Innovation Board of the Shanghai Stock Exchange amid the weak capital market.

(d) FICC

Revenue and other income from FICC segment slightly increased by approximately 5.2% to approximately RMB6.0 billion in 2020, and further increased by approximately 7.0% to approximately RMB6.4 billion in 2021, showing a relatively slower growth when compared to other major business segments as described above. Revenue and other income from this segment continued to grow to approximately RMB3.5 billion in the first half of 2022, representing an increase of approximately 11.0%, compared with that in the first half of 2021, mainly due to changes in gains and losses from foreign exchange derivatives under the effect of currency fluctuations.

Expenses

Total expenses of the Group mainly comprised (i) staff costs, (ii) interest expenses on various financing instruments, mainly including corporate and subordinated bonds, placements from financial institutions and repurchase agreements, (iii) fee and commission expenses, mainly including brokerage commission expenses, and (iv) other operating expenses and costs, mainly representing the Group's business development expenses and information technology related expenses. Total expenses increased generally along with the increase in the Group's operating scale and fee and commission income base, the increase in staff costs resulting from the growth in the Group's number of staff from 7,576 as at December 31, 2018 to 13,557 as at December 31, 2021, and an increase in interest expenses on debt securities issued.

Total expenses of the Group remained stable for the first half of 2022. The decrease in staff costs resulting from the decline in the Group's operating performance was partly offset by the increase in interest expenses.

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Profit attributable to the Shareholders

Profit attributable to the Shareholders increased substantially by approximately 70.0% from approximately RMB4.2 billion in 2019 to approximately RMB7.2 billion in 2020, and further increased by approximately 49.5% to approximately RMB10.8 billion in 2021, largely due to the continuous growth in total revenue and other income, as discussed above.

For the first half of 2022, profit attributable to the Shareholders decreased by approximately 23.3%, compared with that in the first half of 2021, to approximately RMB3.8 billion, mainly due to the decrease in total revenue and other income, as explained above.

Dividend

Dividend per share exhibited an upward trend in the past three years, increased from nil in 2019 to RMB18 cents in 2020 and further increased to RMB30 cents in 2021. No dividend was declared for the first half of 2022 and 2021.

(ii) Financial position

The following table sets out a summary of the Group's audited consolidated statements of financial position as at December 31, 2019, 2020 and 2021, and its unaudited consolidated statements of financial position as at June 30, 2021 and 2022, prepared under the International Financial Reporting Standards, as extracted and summarised from the Company's annual and interim reports:

	As at June 30,		As at December 31,		
	2022	2021	2021	2020	2019
	<i>(RMB</i>	<i>(RMB</i>	<i>(RMB</i>	<i>(RMB</i>	<i>(RMB</i>
	<i>million)</i>	<i>million)</i>	<i>million)</i>	<i>million)</i>	<i>million)</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Accounts receivable	55,974	54,983	45,743	43,494	17,877
Receivable from margin clients	35,148	36,417	39,479	33,885	23,190
Financial assets held under resale agreements	38,510	28,619	25,858	18,431	14,299
Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income	344,642	325,556	344,184	284,818	197,178
Cash held on behalf of clients	94,466	80,487	91,037	60,951	48,459
Cash and bank balances	68,972	54,604	66,143	47,161	23,959
Other assets	42,283	37,411	37,350	32,882	20,010
Total assets	679,994	618,077	649,795	521,620	344,971

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	As at June 30,		As at December 31,		2019 (RMB million) (audited)
	2022 (RMB million) (unaudited)	2021 (RMB million) (unaudited)	2021 (RMB million) (audited)	2020 (RMB million) (audited)	
Financial liabilities at fair value through profit or loss	42,544	37,067	38,927	42,892	26,570
Financial assets sold under repurchase agreements	56,286	33,984	16,376	25,101	24,708
Accounts payable to brokerage clients and to underwriting clients	106,361	86,608	100,749	70,655	52,815
Placements from financial institutions	44,912	23,688	51,477	34,516	24,082
Debt securities issued	171,443	186,428	183,498	154,494	100,632
Trade payable	135,830	132,866	134,781	78,738	43,701
Other liabilities	31,529	38,449	39,255	43,410	23,930
Total liabilities	588,905	539,090	565,065	449,805	296,440
Adjusted total assets (Note 1)	573,633	531,469	549,046	450,965	292,156
Adjusted total liabilities (Note 2)	482,544	452,482	464,315	379,150	243,624
Total equity attributable to shareholders of the parent company	90,773	78,798	84,422	71,635	48,294
Less: Other equity instruments relating to certain perpetual subordinated bonds	12,400	8,500	8,500	5,000	1,000
Net assets attributable to ordinary shareholders of the parent company	78,373	70,298	75,922	66,635	47,294
Net assets per Share attributable to ordinary shareholders of the parent company (RMB) (Note 3)	16.2	14.6	15.7	13.8	10.8
Gearing ratio (Note 4)	84.1%	85.1%	84.6%	84.1%	83.4%

Notes:

- (1) Being total assets excluding the impact of accounts payable to brokerage clients and to underwriting clients.
- (2) Being total liabilities excluding the impact of accounts payable to brokerage clients and to underwriting clients.
- (3) Being net assets attributable to ordinary shareholders of the parent company divided by the number of Shares in issue as at the end of the reporting period.
- (4) Being adjusted total liabilities divided by adjusted total assets.
- (5) Subject to rounding adjustments and may not add up.

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As at June 30, 2022, total assets of the Group amounted to approximately RMB680.0 billion, mainly comprised (i) financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income of approximately RMB344.6 billion in aggregate, mainly representing the Group's investments in (a) equity hedge position held for over-the-counter derivative transactions, (b) debt securities, most of which were above investment grade and securitised products, and (c) funds and other investments, most of which were money market funds, fixed-income trusts and mutual funds with high liquidity and low risks, (ii) cash held on behalf of clients, mainly brokerage clients and underwriting clients, of approximately RMB94.5 billion, (iii) cash and bank balances of approximately RMB69.0 billion, (iv) accounts receivable, net of impairment loss allowance, of approximately RMB56.0 billion, mainly from brokers and clearing houses for trade settlements and from counterparties in derivative transactions and deposits for securities-based lending, (v) financial assets held under resale agreements (i.e. reverse repurchase agreement) of approximately RMB38.5 billion, and (vi) receivable from margin clients of approximately RMB35.1 billion.

As at June 30, 2022, total liabilities of the Group amounted to approximately RMB588.9 billion, mainly comprised (i) long-term and short-term debt securities issued, mainly including corporate bonds, subordinated bonds, medium-term notes and beneficiary certificates, of approximately RMB171.4 billion, approximately 40.9% of which were due within one year, (ii) trade payable of approximately RMB135.8 billion, mainly including those related to derivative transactions, (iii) accounts payable to brokerage clients and to underwriting clients of approximately RMB106.4 billion, (iv) financial assets sold under repurchase agreements of approximately RMB56.3 billion, (v) placements from financial institutions of approximately RMB44.9 billion, and (vi) financial liabilities at fair value through profit or loss, mainly related to equity securities, debt securities and funds, of approximately RMB42.5 billion.

Gearing ratio of the Group was approximately 84.1% as at June 30, 2022, representing a slight decrease as compared to that as at December 31, 2021.

As at June 30, 2022, the Group had capital commitments of approximately RMB7.6 billion, mainly relating to its commitments to invest in a number of private equity investment funds as general partners and/or limited partners, and underwriting commitments of approximately RMB4.6 billion, mainly relating to its debt financing underwriting business in which the Group has made commitments to underwrite the issue of a number of financial bonds and government bonds by its customers according to the relevant tendering documents.

As at June 30, 2022, net assets attributable to ordinary shareholders of the parent company stood at approximately RMB78.4 billion and net assets per Share attributable to ordinary shareholders of the parent company was approximately RMB16.2.

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(iii) Regulatory environment of the Group

In accordance with the Provisions on the Calculation Basis for Risk Control Indicators of Securities Companies (the “CSRC Announcement [2020] No. 10”) issued by the CSRC on January 23, 2020, the Group is required to meet the following standards for risk control indicators on a continual basis. Major regulatory ratio requirements and the actual ratios of the Group as at December 31, 2019, 2020 and 2021 and as at June 30, 2021 and 2022 are set out in the table below:

		Requirements under the CSRC Announcement [2020] No. 10				
		As at June 30,		As at December 31,		
		2022	2021	2021	2020	2019
		%	%	%	%	%
Risk coverage ratio	Not less than 100%	162.8	149.6	151.6	162.9	132.5
Capital leverage ratio	Not less than 8%	11.7	12.3	12.8	14.4	10.5
Liquidity coverage ratio	Not less than 100%	497.5	428.9	316.7	248.6	251.9
Net stable funding ratio	Not less than 100%	149.9	134.4	136.4	125.0	128.8
Net capital/net assets	Not less than 20%	66.3	74.2	72.4	77.3	70.2
Net capital/liabilities	Not less than 8%	17.8	19.3	19.7	22.7	24.7
Net assets/liabilities	Not less than 10%	26.9	26.0	27.2	29.4	35.1
Equity securities and related derivatives held/net capital	Not more than 100%	43.2	46.3	58.0	45.6	44.9
Non-equity securities and related derivatives held/net capital	Not more than 500%	347.0	320.4	306.4	278.5	290.1

Note: The above risk control indicators are calculated based on the financial information prepared in accordance with China Accounting Standards for Business Enterprises.

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As shown in the table above, all risk control indicators of the Group met the regulatory requirements during the periods under review. The Company has in place a monitoring and management mechanism and early warning standards for risk control indicators of securities companies stipulated by the CSRC. The scale of certain capital-intensive businesses may be suspended or reduced, and other measures may be implemented, in order to ensure that the Group's net capital, liquidity and other risk control indicators always comply with the regulatory requirements. We consider that the Rights Issue would enhance the Company's capital strength and financial liquidity, which in turn would provide more flexibility and sustainability in its future development.

4. Preliminary terms of the Rights Issue Plan and use of proceeds

The table below summarises the preliminary terms of the Rights Issue Plan, which is subject to, among others, the implementation and actual market conditions. For further details, please refer to the section headed "2. Proposal Regarding the 2022 Rights Issue Plan of the Company" in the letter from the Board.

	H Share Rights Issue Plan	A Share Rights Issue Plan
Class and Par Value of Rights Shares	: H Shares, each with a par value of RMB1.00.	A Shares, each with a par value of RMB1.00.
Basis, Proportion and Number of the Rights Shares to be issued	: Shares are proposed to be allotted to all Qualified H Shareholders on the basis of up to three (3) Rights Shares for every ten (10) Shares calculated based on the total number of H Shares in issue after the trading hours on the H Share Rights Issue Record Date.	Shares are proposed to be allotted to all A Shareholders on the basis of up to three (3) Rights Shares for every ten (10) Shares calculated based on the total number of A Shares in issue after the trading hours on the A Share Rights Issue Record Date.

Fractional Rights Share will be dealt with according to the relevant requirements. The proportions of the A Share Rights Issue and the H Share Rights Issue are the same.

Calculated on the basis of 4,827,256,868 total issued Shares (comprising 2,923,542,440 A Shares and 1,903,714,428 H Shares) as at June 30, 2022¹, it is expected that the number of Rights Shares to be issued will not exceed 1,448,177,060 Shares (comprising up to 877,062,732 A Rights Shares and up to 571,114,328 H Rights Shares).

¹ There was no change in the total number of A Shares and H Shares in issue from June 30, 2022 to the Latest Practicable Date.

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A Share Rights Issue Plan

If there is any change in the total issued Shares prior to the implementation of the Rights Issue as a result of bonus issue, conversion of capital reserve into share capital or other reasons of the Company, the number of Rights Shares to be issued will be adjusted according to the number of changed total issued Shares. The final proportion and number of Rights Shares to be issued will be determined with reference to the market conditions before the issuance.

Pricing Principles and Rights Issue Price

- : (1) Pricing principles
- (i) To make reference to trading price of the Shares in the secondary market and various valuation indicators, such as price-to-earnings ratio and price-to-book ratio, having regard to the development of the Company as well as the interests of the Shareholders as a whole;
 - (ii) To take into consideration the capital needs of projects which will be funded by the proceeds of the Rights Issue; and
 - (iii) To comply with the principle negotiated between the Board or its authorised person(s) and sponsor(s) (underwriter(s)).

(2) Rights Issue Price

As the terms of the Rights Issue Plan remain subject to the review and approval by the CSRC, the final Rights Issue Price will be determined through negotiation between the Board or its authorised person(s) as authorised by the General Meeting and the sponsor(s) (underwriter(s)) with reference to the market conditions and pricing principles before the issuance.

The Rights Issue Price of the H Shares shall not be lower than 80% of the average closing price in Hong Kong dollars of the Company's H Shares on the Hong Kong Stock Exchange in the five trading days immediately prior to the publication date of the H Share Rights Issue Announcement (i.e. the H Share Minimum Issue Price); similarly, the Rights Issue Price of the A Shares shall not be lower than the H Share Minimum Issue Price after exchange rate adjustment as at the time.

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H Share Rights Issue Plan

A Share Rights Issue Plan

The Rights Issue Price of the A Shares and the H Shares shall be consistent after exchange rate adjustment, which may be higher or lower than the market trading price of the H Shares at that time.

Conditions

- : It is expected that the H Share Rights Issue will be conditional upon the fulfilment of the following matters:
- (i) the approval of the Rights Issue Plan and (if applicable) other relevant resolutions by the relevant Shareholders or the Independent Shareholders (as appropriate) at the General Meeting, the H Share Class Meeting and the A Share Class Meeting, respectively;
 - (ii) the approval of the Rights Issue Plan by the CSRC and other relevant regulatory authorities;
 - (iii) the Listing Committee of the Hong Kong Stock Exchange approving the listing of, and permission to deal in, the H Rights Shares in their nil-paid and fully-paid forms on the Hong Kong Stock Exchange, either unconditionally or subject to the conditions which the Company accepts and the satisfaction of such conditions (if any) by no later than the date of the delivery of the H Share Rights Issue Prospectus;
- It is expected that the A Share Rights Issue will be conditional upon the fulfilment of the following matters:
- (i) the approval of the Rights Issue Plan and (if applicable) other relevant resolutions by the relevant Shareholders or the Independent Shareholders (as appropriate) at the General Meeting, the H Share Class Meeting and the A Share Class Meeting, respectively;
 - (ii) the approval of the Rights Issue by the CSRC and other relevant regulatory authorities;
 - (iii) the passing of the requisite resolution by the Shareholders which are not related to Central Huijin at the General Meeting approving the waiver in respect of the general offer obligation over the A Shares by Central Huijin to be triggered by the Rights Issue under the relevant laws and regulations in the PRC;

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- (iv) the delivery to the Hong Kong Stock Exchange and the filing and registration of all the documents in relation to the H Share Rights Issue as required by laws to be filed to and registered with the Companies Registry in Hong Kong;
- (v) the passing of the requisite resolution by the Shareholders which are not related to Central Huijin at the General Meeting approving the waiver in respect of the general offer obligation over the A Shares by Central Huijin to be triggered by the Rights Issue under the relevant laws and regulations in the PRC;
- (vi) the passing of the Whitewash Waiver Resolutions;
- (vii) the grant of the Whitewash Waiver by the SFC in accordance with the Takeovers Code and such waiver has not been withdrawn or revoked prior to completion of the Rights Issue; and
- (viii) the subscription of the A Rights Shares by the A Shareholders being at least 70% of the A Rights Shares under the A Share Rights Issue.

A Share Rights Issue Plan

- (iv) the passing of the Whitewash Waiver Resolutions;
- (v) the grant of the Whitewash Waiver by the SFC in accordance with the Takeovers Code and such waiver not having been withdrawn or revoked prior to completion of the Rights Issue; and
- (vi) the subscription of the A Rights Shares by the A Shareholders being at least 70% of the A Rights Shares under the A Share Rights Issue.

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None of the above conditions for the completion of the H Share Rights Issue or the A Share Rights Issue is waivable or has been satisfied as at the Latest Practicable Date. If the conditions are not fulfilled, the H Share Rights Issue and/or the A Share Rights Issue will not proceed.

Target Subscribers for the Rights Issue : All Qualified H Shareholders (whose name(s) appear(s) on the register of members of the Company after the trading hours on the H Share Rights Issue Record Date (including the PRC Southbound Trading Investors, but excluding the Excluded Shareholders)). All A Shareholders registered on the register of members kept with the CSDC, Shanghai Branch after the trading hours on the A Share Rights Issue Record Date.

The Record Date in relation to the Rights Issue will be determined after obtaining the approval by the CSRC for the Rights Issue Plan. The Record Date and the trading arrangements for the H Rights Shares (in nil-paid and fully-paid forms) will be determined and announced by the Company in due course.

Arrangement for Accumulated Undistributed Profits Prior to the Rights Issue : The accumulated undistributed profits of the Company prior to the Rights Issue shall be shared by all Shareholders on a pro rata basis after completion of the Rights Issue.

Time of Issuance : Upon obtaining the approval by the CSRC, the Rights Issue will be implemented in due course within the stipulated period.

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	H Share Rights Issue Plan	A Share Rights Issue Plan
Underwriting Methods	<p>The H Share Rights Issue is proposed to be underwritten in accordance with Rule 7.19(1) of the Listing Rules and such underwriting will be conducted in accordance with the requirements of the Listing Rule. The underwriter(s) for the H Share Rights Issue will be appointed on or around the date of the H Share Rights Issue Announcement. In the event that the H Share Rights Issue is fully underwritten, underwriter(s) which provides full underwriting commitment for the H Rights Shares will be entities which are not concert parties of Central Huijin. Details of the underwriting arrangement in relation to the H Share Rights Issue will be provided to the Shareholders in a further announcement on the H Share Rights Issue to be published by the Company in due course.</p> <p>Pursuant to the <i>Companies (Winding Up and Miscellaneous Provisions) Ordinance</i> (Chapter 32 of the Laws of Hong Kong), the Listing Rules and the Articles of Association, there is no requirement for a minimum level of subscription in the H Share Rights Issue.</p>	<p>The A Share Rights Issue will proceed on a best effort basis as required under the applicable PRC laws and regulations. Under such best effort underwriting arrangement, the underwriter(s) for the A Share Rights Issue will use best efforts to procure subscription of the A Rights Shares, failing which such underwriter(s) will not subscribe for any unsubscribed A Rights Shares. The underwriter(s) for the A Share Rights Issue is expected to be appointed subsequent to the date of the General Meeting and the Class Meetings.</p> <p>Under the applicable PRC laws and regulations, the A Share Rights Issue may only proceed if the subscription level of the A Rights Shares is at least 70% of the A Rights Shares under the A Share Rights Issue. The rights to subscribe for the A Shares which are not taken up will lapse and no new A Rights Shares will be issued or allotted pursuant to such rights.</p>
Validity Period of the Rights Issue Resolution	: 12 months from the date on which the resolution is considered and approved at the General Meeting, the A Share Class Meeting and the H Share Class Meeting.	
Status of the Rights Shares	: The Rights Shares, once allotted and fully paid, will rank <i>pari passu</i> in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the Rights Shares.	

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	H Share Rights Issue Plan	A Share Rights Issue Plan
Application for Excess H Rights Shares :	<p>Qualified H Shareholders (other than the PRC Southbound Trading Investors, as the CSDC will not support their applications for excess H Rights Shares under the H Share Rights Issue through the Shanghai-Hong Kong Stock Connect) may apply, by way of excess application, for the H Rights Shares to which unsold entitlements of the Excluded Shareholders relate and for any H Rights Shares provisionally allotted to the Qualified H Shareholders but not accepted.</p> <p>Application for excess H Rights Shares may be made by completing the excess application form to be despatched to the Qualified H Shareholders together with the H Share Rights Issue Prospectus and lodging the same with a separate remittance for such excess H Rights Shares. Excess H Rights Shares (if available) will, at the sole discretion of the Company, be allocated and allotted on a fair and reasonable basis. All excess H Rights Shares will be allocated to Qualified H Shareholders who have applied for excess H Rights Shares on a pro rata basis with reference to their number of excess H Rights Shares applied for. No reference will be made to H Rights Shares comprised in applications by provisional allotment letter or the existing number of H Shares held by Qualified H Shareholders. If the aggregate number of H Rights Shares not taken up by the Qualified H Shareholders</p>	N/A

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H Share Rights Issue Plan

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under provisional allotment letters is greater than the aggregate number of excess H Rights Shares applied for through excess application forms, the Company will allocate to each Qualified H Shareholder who applies for excess H Rights Shares in full application. No preference will be given to topping up odd lots to whole board lots. There is no guarantee that Qualified H Shareholders with odd lots of H Rights Shares will be topped up to whole board lots pursuant to their applications for excess H Rights Shares.

Based on our discussions with the management of the Group, the final Rights Issue Price will be determined in the H Share Rights Issue Announcement subsequent to the approval of the Rights Issue Plan by the CSRC. When determining the final Rights Issue Price, the Company will make reference to, among others, trading price of the Shares in the secondary market, taking into account the market conditions closer to the time of the H Share Rights Issue Announcement. As there is a long time gap between the date of the Circular and the H Share Rights Issue Announcement, the Company cannot predict how the trading prices of the A Shares and the H Shares may fluctuate up to the H Share Rights Issue Announcement. For the above reason, the final Rights Issue Price cannot be determined as at the date of the Circular.

In order to provide relevant information for the Independent Shareholders to make an informed decision as to the Whitewash Waiver Resolutions at the General Meeting, the Company has set the H Share Minimum Issue Price which is 80% of the five-day average closing price of the H Shares immediately prior to the publication date of the H Share Rights Issue Announcement, such that the final Rights Issue Price shall be determined with reference to the market conditions before the issuance. For illustrative purposes, 80% of the average closing price of the H Shares in the five trading days up to and including the Latest Practicable Date was approximately HK\$9.89 (equivalent to approximately RMB8.91, based on the exchange rate of HK\$1 = RMB0.90093 as published by the People's Bank of China as at the Latest Practicable Date) (the "**Indicative Minimum Rights Issue Price**"). We have adopted this price as the basis for certain analysis in this letter. Having considered the above, in particular the long duration between the date of the Circular and the date of the H Share Rights Issue Announcement, such that the prices of both A Shares and H Shares as well as the general market could be subject to significant changes, we concur with the Company that the above price floor mechanism is acceptable and reasonable. Our evaluation of the terms of the Rights Issue Plan are further discussed in the sections below.

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As advised by management of the Group, the H Share Rights Issue and the A Share Rights Issue are not inter-conditional upon each other, and it is currently proposed that the H Shares Rights Issue will proceed conditional upon, among others, completion of the A Shares Rights Issue. In addition to those Conditions applicable to the A Share Rights Issue, Conditions of the H Share Rights Issue include (a) approval from the Listing Committee of the Hong Kong Stock Exchange, and (b) the administrative procedures in relation to the H Share Rights Issue, including the filing and registration of all the relevant documents as required by laws.

As regards the above Condition relating to at least 70% subscription of the A Rights Shares by the A Shareholders under the A Share Rights Issue, which is in compliance with the applicable PRC laws and regulations, we understand from management of the Group that the A Share Rights Issue will proceed on a best effort basis depending on the then market conditions. Nevertheless, the Company has received an undertaking from Central Huijin to subscribe in cash for all the A Rights Shares offered to it, details of which are set out below. On the other hand, there is no such minimum level of subscription of the H Rights Shares by the Qualified H Shareholders under the H Share Rights Issue, which will be proceeded on an underwritten basis in accordance with Rule 7.19(1) of the Listing Rules and details of which will be announced in due course.

The above-mentioned Rights Issue Plan is subject to the market conditions and the approvals by the CSRC and other necessary approvals in connection with the Rights Issue.

Shareholders' Undertaking in relation to the Offered Rights Shares

The Company has received from Central Huijin, the controlling Shareholder directly holding approximately 66.23% of total issued A Shares and approximately 40.11% of total issued Shares as at the Latest Practicable Date, an undertaking (《關於全額認購可配售股份的承諾函》) in relation to the Rights Issue, under which Central Huijin will subscribe in cash for all the A Rights Shares offered to it under the A Share Rights Issue (the “**Offered Rights Shares**”) to be determined in accordance with the Rights Issue Plan in proportion to the number of Shares directly held by it after trading hours on the A Share Rights Issue Record Date. The above undertaking will be fulfilled after the matters related to the Rights Issue have been approved by the General Meeting and approved by the CSRC.

Shareholders' Lock-up Undertaking

Other than the passing of the requisite resolutions as stated in “Conditions” in the table above, in respect of the general offer obligation which will be triggered by the Rights Issue under the relevant laws and regulations in the PRC, the grant of waiver of such general offer obligation is subject to each of Central Huijin and China Jianyin Investment Limited, JIC Investment Co., Ltd. and China Investment Consulting Co., Ltd. (each directly or indirectly wholly-owned by Central Huijin) having undertaken not to transfer the A Rights Shares respectively offered to it under the A Share Rights Issue within three years after the subscription of such A Rights Shares. As at the Latest Practicable Date, Central Huijin has provided the undertaking not to transfer the Offered Rights Shares within three years after the

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subscription of such Offered Rights Shares, and each of China Jianyin Investment Limited, JIC Investment Co., Ltd. and China Investment Consulting Co., Ltd. has provided the undertaking not to transfer the A Rights Shares within three years after the subscription of such A Rights Shares if it participates in the Rights Issue.

Use of proceeds from the Rights Issue

The total proceeds raised from the Rights Issue are expected to be no more than RMB27 billion (the specific size depends on the market conditions at the time of issuance). Net proceeds from the Rights Issue (after deducting relevant issuance expenses) are proposed to be used as follows: (i) no more than RMB24 billion for supporting the capital needs for the Group's business development, as further discussed below, and (ii) no more than RMB3 billion for replenishing other working capital. Set out below is a summary of more specific business development plans in relation to (i) above:

1. Capital services and products businesses

For equities segment, the Company will strengthen its equity capital services and product businesses systems to build an equity business platform providing one-stop cross-border services. The Company will also continue to enhance its competitiveness in derivatives and interconnected businesses through product innovation and overseas platform expansion. The Company will continue to improve its business systems, operational management efficiency and customer experience, and strengthen its risk management capabilities.

For FICC segment, the Company will strengthen its capabilities in providing comprehensive customer services and market-making transactions and creating customised and innovative products covering interest rate, credit, structuring, foreign exchange and commodities. Further, the Company will continue to expand the layout of diversified product lines and enhance its cross-border business capabilities, as well as accelerate digital transformation and strengthen its risk control and operational system, so as to build a fully agile FICC platform.

2. Investment banking business

The Company will increase investment in investment banking resources, increase the breadth and depth of customer coverage, and increase its market share. In terms of equity financing business, the Company will continue to promote the in-depth development in emerging industries, key regions and international business, and expand services to cover financing needs of potential clients. In terms of debt and structured financing business, the Company will continue to expand its primary issuance and underwriting business, consolidate its leading position in public infrastructure REITs (Real Estate Investment Trusts), actively deploy multiple cross-border products, and seek for market opportunities relying on innovative products.

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3. *Wealth management business*

The Company will expand the scale of its margin financing and securities lending and other new capital intermediary business, enrich investors' trading tools, and improve market liquidity. The Company will also strengthen its allocation of wealth management products and investment advisory team building, enhance customer base and asset accumulation of the wealth management platform through high-quality products, one-stop comprehensive services, and digital means such as financial technology, and accelerate the transformation and upgrading of the buyers' investment and consultation model.

4. *Private equity business*

The Company will promote its private equity investment business, support the development of new funds and new businesses, seize high-quality equity investment opportunities, to consolidate the Company's leading position in this field by increasing its own capital investment. The Company will continue to build equity investment capabilities, expand the scale of funds under management, improve the layout of diversified product lines, and enhance its digital services capabilities.

5. *Asset management business*

The Company will establish a wholly-owned asset management subsidiary to take over the Company's securities asset management business. The Company will continue to improve its customer service capability, strengthen its investment and research capabilities, develop innovative products, and enrich product lines. The Company will also expand its customer base and retail and overseas channels, accelerate the use of financial technology, improve risk management system, and build an industry-leading asset management platform.

If the net proceeds raised from the Rights Issue are less than the proceeds proposed to be invested, the shortfall will be made up by the Company. Without any changes in the use of the proceeds, the Board or its authorised person(s) may make appropriate adjustments to the specific investment and utilisation plan, the sequence and amount of investment of the proceeds in the above projects according to the actual needs of projects. From the date of approval at the Board meeting convened to consider the Rights Issue Plan resolution to the date on which the proceeds are available for use, the Company will first invest self-raised funds in relevant projects according to the operating conditions and development plans, and will replace the self-raised funds with the proceeds of the Rights Issue as and when available in accordance with the relevant procedures required under relevant laws and regulations.

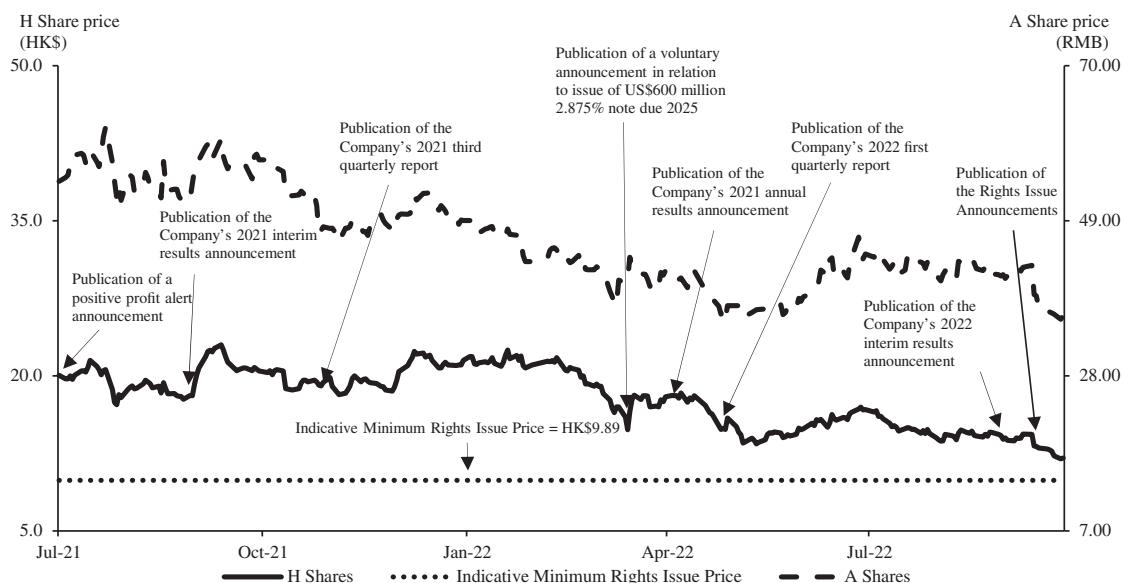
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Having taken into account the above and the financial position of the Group, we consider it reasonable for the Company to utilise proceeds from the Rights Issue to strengthen the Company's capital position and facilitate the development of major business lines, thereby enhancing the Company's competitiveness and market share within the industry.

5. Analysis of historical share price performance and trading liquidity

Historical share price performance

The share price chart below illustrates the movement of the daily closing prices of the H Shares quoted on the Hong Kong Stock Exchange, and the A Shares quoted on the Shanghai Stock Exchange, during the period from July 1, 2021 up to and including the Latest Practicable Date (the "Review Period"), slightly over one year before the Rights Issue Announcements, and compares such prices to the Indicative Minimum Rights Issue Price.



Source: Bloomberg

Note: The Indicative Minimum Rights Issue Price represents 80% of the average closing price of the H Shares as quoted on the Hong Kong Stock Exchange in the five trading days up to and including the Latest Practicable Date of approximately HK\$9.89 (equivalent to approximately RMB8.91), and this is presented for illustrative purpose only.

As illustrated in the above share price chart, during the Review Period, market prices of the H Shares and the A Shares have been following a similar trend, and they have been consistently trading at prices higher than the Indicative Minimum Rights Issue Price.

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H Shares

On July 1, 2021, the Company published a positive profit alert announcement, stating that profit attributable to the Shareholders in the first half of 2021 was estimated to increase between 45% and 65% on a year-on-year basis. After climbing to HK\$21.50 on July 16, 2021, the H Share price fell back and fluctuated within a narrow range between HK\$17.90 and HK\$19.60, closing at HK\$17.72 on August 27, 2021. On the same date (after trading hours), the Company published its 2021 interim results, showing a year-on-year increase in profit attributable to the Shareholders of approximately 64.1%, towards the high-end as disclosed in the earlier positive profit alert announcement. The H Share price increased on the following trading days, reaching a high of HK\$23.0 on September 13, 2021, the highest closing price of H Shares during the Review Period, before showing a general downward trend throughout October and November, and a rebound in December 2021.

The market price of the H Shares fluctuated in a range between HK\$19.0 and HK\$22.5 in the first two months of 2022, and then exhibited a drop in March 2022 and closed at HK\$16.98 on March 29, 2022. Based on our discussions with the management of the Group, the lower-than-expected economic data in both domestic and overseas markets and the weak financial market sentiment, resulting from the geopolitical conflicts and the expected rising interest rate environment in oversea markets, caused negative impacts on the investors sentiment, which in turn led to the unfavourable business environment in the securities industry in the first few months of 2022. On March 30, 2022 (after trading hours), the Company published its 2021 annual results, showing a year-on-year increase in profit attributable to the Shareholders of approximately 49.5% in 2021. Despite the significant growth in 2021 profit, the H Share price exhibited a generally downward trend, dipping to a low of HK\$13.42 on May 12, 2022. After that, the market price of the H Shares trended upward, and then trended downward again since July 2022, and closed at HK\$14.34 on September 13, 2022, the day before publication of the Rights Issue Announcements.

Following the publication of the Rights Issue Announcements and up to the Latest Practicable Date, the market price of the H Shares fell and fluctuated between HK\$11.98 and HK\$13.20. The H Shares closed at HK\$12.04 on the Latest Practicable Date.

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A Shares

During the Review Period, the market prices of the A Shares have been trading at levels substantially higher than those of the H Shares, representing premiums of approximately 1.5 to 2.7 times over the respective daily closing market prices of the H Shares. The A Shares traded between RMB35.67 and RMB61.69 (or approximately HK\$39.09 to HK\$73.97, sourced from Bloomberg) during the Review Period, much higher than the range of the price of H Shares between HK\$11.98 and HK\$23.00 during the same period. Despite the disparity in market prices, direction of movements in market prices of H Shares and A Shares were similar in general, as shown in the share price chart above. The A Shares closed at RMB36.15 on the Latest Practicable Date.

In our opinion, the disparity in the market prices of the H Shares and A Shares as mentioned above may be explained by the fact that the H Shares and the A Shares are trading in two distinct markets (i.e. the Hong Kong Stock Exchange and the Shanghai Stock Exchange), such that the monetary policies, stock market regulations, composition of investors and their perspectives on specific stocks or industries, as well as the type of investment products available in the two stock markets may be different. It should be noted that the H Shares and the A Shares are eligible southbound and northbound securities for trading respectively through the Shanghai-Hong Kong Stock Connect.

Shareholders should note that the final Rights Issue Price of H Shares and A Shares shall be the same after exchange rate adjustment, and it will be determined through negotiation between the Board or its authorised person(s) as authorised by the General Meeting and the sponsor(s) (underwriter(s)) with reference to the pricing principles and market conditions before the issuance, and will be in any event no less than the H Share Minimum Issue Price. Given the disparity in the market prices of the H Shares and the A Shares, the final Rights Issue Price, which will only be determined subsequent to the approval of the Rights Issue Plan by the CSRC and subject to the H Share Minimum Issue Price, may represent a very different level of premium over, or discount to, the then market prices of the H Shares and that of the A Shares, which may in turn affect the decisions of the H Shareholders and the A Shareholders differently as to whether to subscribe for their respective Rights Shares entitlements. The pricing principle of having the same subscription price for both H Shares and A Shares, providing Shareholders in both markets with uniform terms and conditions, is in conformity with accepted market practice, including those of the Rights Issue Precedents.

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Trading liquidity

The table below sets out the monthly total trading volumes of the H Shares and the A Shares, the percentages of the monthly total trading volume to the relevant class of total issued Shares and the public float of the Company respectively during the Review Period:

	H Shares			A Shares		
	Percentage of the monthly total trading volume to Monthly total trading volume <i>(Note 1)</i>	Percentage of the monthly total trading volume to the total issued H Shares <i>(Note 2)</i>	Percentage of the monthly total trading volume to public float of H Shares <i>(Note 3)</i>	Percentage of the monthly total trading volume to Monthly total trading volume <i>(Note 1)</i>	Percentage of the monthly total trading volume to the total issued A Shares <i>(Note 2)</i>	Percentage of the monthly total trading volume to public float of A Shares <i>(Note 3)</i>
2021						
July	269,274,785	14.1%	14.2%	605,843,819	20.7%	61.5%
August	295,090,310	15.5%	15.6%	477,577,655	16.3%	48.5%
September	320,114,245	16.8%	16.9%	494,325,028	16.9%	50.2%
October	145,684,918	7.7%	7.7%	191,108,923	6.5%	19.4%
November	186,643,829	9.8%	9.8%	321,425,250	11.0%	32.6%
December	259,822,536	13.6%	13.7%	369,425,910	12.6%	37.5%
2022						
January	162,766,589	8.5%	8.6%	194,481,863	6.7%	19.8%
February	128,214,066	6.7%	6.8%	130,391,418	4.5%	13.2%
March	275,415,281	14.5%	14.5%	349,164,951	11.9%	35.5%
April	146,280,915	7.7%	7.7%	228,267,955	7.8%	23.2%
May	204,828,081	10.8%	10.8%	175,772,572	6.0%	17.9%
June	245,980,521	12.9%	13.0%	432,288,114	14.8%	43.9%
July	123,618,547	6.5%	6.5%	169,139,257	5.8%	17.2%
August	134,754,734	7.1%	7.1%	149,719,695	5.1%	15.2%
From September 1, 2022 to the Latest Practicable Date	157,664,184	8.3%	8.3%	120,388,996	4.1%	12.2%

Notes:

- (1) *Source: the Company and Bloomberg.*
- (2) *The calculation is based on the monthly total trading volumes of the H Shares or A Shares divided by the total number of issued H Shares or A Shares at the end of each month or at the Latest Practicable Date (as the case may be).*
- (3) *The calculation is based on the monthly total trading volumes of the H Shares or A Shares divided by the total number of issued H Shares or A Shares held by the public at the end of each month or at the Latest Practicable Date (as the case may be).*

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As shown in the above table, the monthly trading volumes of the H Shares represented approximately 6.5% to 16.8% of the total issued H Shares, equivalent to approximately 6.5% to 16.9% of the H Shares constituting the public float of Company. The monthly trading volumes of the A Shares represented approximately 4.1% to 20.7% of the total issued A Shares, equivalent to approximately 12.2% to 61.5% of the A Shares constituting the public float of Company. On the above basis, trading in the H Shares and the A Shares has been fairly active during the Review Period.

6. Comparison with recent rights issue precedents

As explained in the section above headed “4. Preliminary terms of the Rights Issue Plan and use of proceeds”, the final Rights Issue Price has not yet been set and will only be determined with reference to the market conditions closer to the issuance, after obtaining the approval by the CSRC. In any event, the final Rights Issue Price shall not be less than the H Share Minimum Issue Price, being 80% of the average closing price of the H Shares in the five trading days immediately prior to the publication date of the H Share Rights Issue Announcement. To illustrate the mechanism of the H Share Minimum Issue Price and for our evaluation purpose, the Indicative Minimum Rights Issue Price would be approximately HK\$9.89 (equivalent to approximately RMB8.91) based on the average closing price of the H Shares in the five trading days up to and including the Latest Practicable Date.

To evaluate the Rights Issue Price, we have compared the Indicative Minimum Rights Issue Price against the rights issue prices of completed rights issues in the market (see below). We have identified rights issue precedents (i) involving financial institutions, shares of which are dually listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange or the Shenzhen Stock Exchange; and (ii) announced and completed rights issue of both their A Shares and H Shares within three years from the Latest Practicable Date (the “**Rights Issue Precedents**”). A total of four Rights Issue Precedents have been identified. In our view, the Rights Issue Precedents represent an exhaustive list that we are able to identify from the Hong Kong Stock Exchange’s website in this time frame:

Date of definitive rights issue announcement	Company name (stock code)	Market capitalisation (HK\$ billion) (Note)	Basis of entitlement	Subscription price per rights share	
				(HK\$) H share	(RMB) A share
April 18, 2022	ORIENT Securities Company Limited (“DFZQ”) (3958.HK, 600958.SH)	80.3	2.8 for 10	10.38	8.46

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Date of definitive rights issue announcement	Company name (stock code)	Market capitalisation (HK\$ billion) (Note)	Basis of entitlement	Subscription price per rights share	
				(HK\$) H share	(RMB) A share
January 14, 2022	CITIC Securities Company Limited (6030.HK, 600030.SH)	377.0	1.5 for 10	17.67	14.43
December 30, 2021	Bank of Qingdao Co., Ltd. (3866.HK, 002948.SZ)	21.8	3 for 10	3.92	3.2
July 7, 2020	China Merchants Securities Co., Ltd. (6099.HK, 600999.SH)	173.5	3 for 10	8.185	7.46

Source: website of the Hong Kong Stock Exchange and Bloomberg

Note: Being the respective market capitalisation based on the respective closing prices of their A and H shares on the last trading day before the respective price determination date, or on the respective price determination date (where applicable).

As shown in the above table, the Rights Issue Precedents are on the basis of one point five (1.5) to three (3) rights shares for every ten (10) shares. The basis of the Rights Issue Plan of up to three (3) Rights Shares for every ten (10) Shares is in line with the Rights Issue Precedents. The subscription prices of their respective A rights shares and H rights shares under the Rights Issue Precedents and the Rights Issue Plan are in each case the same after exchange rate adjustment.

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It should be noted that although the companies listed below may have different principal activities, market capitalisation, financial performance and position, as well as trading prospects as compared with those of the Company, and the reasons behind the rights issue may vary, we consider that the Rights Issue Precedents can provide a general reference of the market practice of the structure and pricing of rights issues of A shares and H shares undertaken by financial institutions dually listed in Hong Kong Stock Exchange and Shenzhen Stock Exchange or Shanghai Stock Exchanges, as well as a meaningful benchmark for the Independent Shareholders when evaluating the terms provided under the Rights Issue Plan. Details of the Rights Issue Precedents are set out as follows:

Company name	Premium/(discount) of the subscription price over/(to)								Discount of the subscription price to the latest published net assets attributable to shareholders per share (%) (Note 3)
	The closing price per H share/A share on the last trading day		The average closing price per H share/A share for the last 5 trading days		The theoretical ex-rights price per H share/A share on the last trading day		Theoretical dilution effects to holders of H shares/A shares		
	%		%		%		%		
	(Note 1)		(Note 1)		(Note 1)		(Note 2)		
	H share	A share	H share	A share	H share	A share	H share	A share	
DFZQ	113.6%	(22.2%)	115.7%	(20.3%)	71.0%	(18.3%)	Nil	4.9%	7.7%
							(Note 4)		
CITIC Securities Company Limited	(15.0%)	(45.3%)	(13.0%)	(44.5%)	(13.3%)	(41.8%)	2.0%	5.9%	0.5%
Bank of Qingdao Co., Ltd.	(11.5%)	(31.6%)	(13.1%)	(32.1%)	(9.0%)	(26.2%)	3.1%	7.4%	54.4%
China Merchants Securities Co., Ltd.	(24.9%)	(71.9%)	(11.1%)	(67.6%)	(20.3%)	(66.3%)	9.6%	17.2%	41.2%
Minimum	(24.9%)	(71.9%)	(13.1%)	(67.6%)	(20.3%)	(66.3%)	Nil	4.9%	54.4%
Maximum	113.6%	(22.2%)	115.7%	(20.3%)	71.0%	(18.3%)	9.6%	17.2%	0.5%
Mean	15.5%	(42.8%)	19.7%	(41.1%)	7.1%	(38.2%)	3.7%	8.8%	26.0%
Median	(13.3%)	(38.4%)	(12.0%)	(38.3%)	(11.2%)	(34.0%)	2.6%	6.7%	24.5%
The Rights Issue Plan (Note 5)	(17.9%)	(75.4%)	(20.0%)	(75.4%)	(14.3%)	(70.2%)	4.6%	17.4%	39.0%

Source: website of the Hong Kong Stock Exchange and Bloomberg

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Notes:

- (1) In respect of the Rights Issue Precedents, being the (average) closing price of the H shares as quoted on the Hong Kong Stock Exchange, or the A shares as quoted on the Shanghai Stock Exchange or the Shenzhen Stock Exchange (as applicable), up to and including the last trading day before the respective price determination date, or the respective price determination date (where applicable). In respect of the Company, being the (average) closing price of the H Shares as quoted on the Hong Kong Stock Exchange or the A Shares as quoted on the Shanghai Stock Exchange up to and including the Latest Practicable Date.*
- (2) Calculated in accordance with Rule 7.27B of the Hong Kong Listing Rules.*
- (3) Calculated by dividing the respective subscription price by the respective net assets attributable to shareholders per share, as extracted from the latest published financial statements.*
- (4) In DFZQ's case, the subscription price was set at a premium to the then prevailing closing prices of its H shares prior to the price determination date. As a result, there is no theoretical dilution effect given that the theoretical diluted price per H share is higher than the benchmarked price (as defined under Rule 7.27B of the Listing Rules) per H share.*
- (5) Based on the Indicative Minimum Rights Issue Price of approximately HK\$9.89 (equivalent to approximately RMB8.91), for illustrative purpose only. The final Rights Issue Price is subject to, among others, the market conditions before the issuance.*

H share rights issue

The pricing of DFZQ's issue involved substantial premiums of more than 100% over the (average) closing price per H share on the last trading day and of last 5 trading days. According to the definitive rights issue announcement of DFZQ dated April 18, 2022, the subscription price was set at a premium to the then prevailing closing prices of its H shares with the intention to avoid share value dilution and therefore enhance the capital of DFZQ. DFZQ also disclosed in the same announcement that the subscription price was determined with reference to a variety of factors relating to its individual circumstances including, among others, the then closing prices of its H shares and A shares, its pricing-to-earning and price-to-book ratios, its business plans and relevant funding and capital requirements of investment projects.

The subscription prices of other three Rights Issue Precedents represented discounts to (i) the (average) closing price per H share on the last trading day and for the last 5 trading days, ranging from approximately 11.1% to 24.9%, and (ii) the theoretical ex-rights price per H share on the last trading day, ranging from approximately 9.0% to 20.3%. The discounts as represented by the Indicative Minimum Rights Issue Price to the closing price per H Share on the last trading day, being approximately 17.9%, and the theoretical ex-rights price, being approximately 14.3%, are in general within the range of discounts of the Rights Issue Precedents. As a result of the above, the theoretical dilution effect as represented by the Indicative Minimum Rights Issue Price, being approximately 4.6%, also falls within the range of the theoretical dilution effect of the Rights Issue Precedents which range from nil (in the case of DFZQ) to approximately 9.6%, with a mean and median of approximately 3.7% and 2.6% respectively. As set out in the letter from the Board, the Company confirms that, as at the Latest Practicable Date, the Rights Issue Plan will not result in a theoretical dilution effect of 25% or more under Rule 7.27B of the Listing Rules.

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A share rights issue

The subscription prices of the Rights Issue Precedents represented discounts to (i) the (average) closing price per A share on the last trading day and for the last 5 trading days, ranging from approximately 20.3% to 71.9%, and (ii) the theoretical ex-rights price per A share on the last trading day, ranging from approximately 18.3% to 66.3%. The discounts as represented by the Indicative Minimum Rights Issue Price to the (average) closing price per A Share on the last trading day and for the last 5 trading days, both being approximately 75.4%, and the theoretical ex-rights price, being approximately 70.2%, are above the high end of the range of discounts under the Rights Issue Precedents.

The theoretical dilution effects of A share of the Rights Issue Precedents range from approximately 4.9% to 17.2%, with a mean and median of approximately 8.8% and 6.7%. The theoretical dilution effect of the A Share as represented by the Indicative Minimum Rights Issue Price, being approximately 17.4%, is above the high end of the aforesaid range.

The higher discounts of the subscription prices under the Rights Issue Precedents to the respective A share prices when compared to their discounts to (or premium over, in the case of DFZQ) the respective H share prices can be explained by A share prices of the Rights Issue Precedents trading at premiums ranging from approximately 29.3% to 174.8% over the respective H share prices on the price determination date (or the trading day before, as applicable), bearing in mind that the subscription prices of both the A rights shares and the H rights shares are in each case the same.

In the Company's case, the premium of the market price of the A Shares over that of the H Shares, at approximately 228.8% based on closing prices of the Shares as at the Latest Practicable Date (sourced from Bloomberg), is substantially higher than the high end of the range for the Rights Issue Precedents. As the Indicative Minimum Rights Issue Price is calculated based on a discount (i.e. 20%) to market price of the H Shares, the discounts to the (average) closing prices of A Shares, the theoretical ex-rights price and the theoretical dilution effects to holders of A Shares are above those of the Rights Issue Precedents. The high premium of the market price of the A Shares over the H Shares has consistently been the case during the Review Period, ranging from approximately 1.5 to 2.7 times as mentioned in the section above headed "5. Analysis of historical share price performance and trading liquidity". Shareholders are reminded that the Indicative Minimum Rights Issue Price is arrived at with reference to the H Share price up to the Latest Practicable Date, based on the mechanism that sets a maximum discount to market. The final Rights Issue Price may well be higher than the H Share Minimum Issue Price.

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Discount to net assets per share

For the Rights Issue Precedents, the discounts of the subscription price to the latest published net assets attributable to shareholders per share ranged from approximately 0.5% to 54.4%, with a mean and median of approximately 26.0% and 24.5%. The discount as represented by the Indicative Minimum Rights Issue Price of approximately 39.0% is higher than the mean and median but falls well within the above range.

Our general comment

Based on our analysis on the Indicative Minimum Rights Issue Price and having taken into account that (i) the Rights Issue Plan is a fair and appropriate means of equity fund raising which provides qualified Shareholders with an equitable way of ensuring that their percentage holding in the Company is not diluted, (ii) the discounts of the Indicative Minimum Rights Issue Price to the (average) closing price of H Shares, the theoretical ex-rights price per H Share and the theoretical dilution effects to holders of H Shares are mostly within the range as represented by the Rights Issue Precedents, (iii) the discounts of the Indicative Minimum Rights Issue Price to the (average) closing price of A Shares, the theoretical ex-rights price per A Share and the theoretical dilution effects to holders of A Shares are higher than the range as represented by the Rights Issue Precedents, but principally due to the higher premium of market prices of A Shares over that of H Shares as explained above, (iv) the discount of the Indicative Minimum Rights Issue Price to the Group's latest published net assets per Share is within the range of those under the Rights Issue Precedents, and (v) the Indicative Minimum Rights Issue Price illustrates only the minimum subscription price of the Rights Issue Plan based on market prices up to the Latest Practicable Date, and that the final Rights Issue Price could be higher than 80% of the average closing price of the H Shares in the five trading days immediately prior to the publication date of the H Share Rights Issue Announcement, we consider that the pricing of the proposed Rights Issue, taking into account the mechanism of the H Share Minimum Issue Price as discussed above, is generally in line with the Rights Issue Precedents, and that the Rights Issue Price is fair and reasonable.

Independent Shareholders should note that the Indicative Minimum Rights Issue Price will be different from the final Rights Issue Price and the H Share Minimum Issue Price. The information in this letter based on market prices up to the Latest Practicable Date is presented for illustrative purpose only, to reflect the price floor mechanism under the Rights Issue Plan. The final Rights Issue Price will be determined with reference to market conditions before the issuance. Once the final Rights Issue Price is determined, a further announcement will be made by the Company.

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7. Financial effects of the Rights Issue

Set out below are the expected financial effects of the Rights Issue, based on the preliminary terms of the Rights Issue Plan and the following major assumptions: (i) there would be no material adverse changes in the macroeconomic environment, industry development trends, and the Group's operating performance, (ii) 1,448,177,060 new Shares would be allotted on the basis of three (3) Rights Shares for every ten (10) Shares, based on the total issued Shares of 4,827,256,868 Shares as at June 30, 2022², and there would be no change in the total issued Shares from June 30, 2022² to completion of the Rights Issue, and (iii) the impact of the proceeds from the Rights Issue on the operation and financial performance of the Group would not be taken into account.

Effect on earnings

In view of the fact that it takes a certain period of time for the Group to generate economic benefits after the investment of proceeds from the Rights Issue, there could be immediate dilution to earnings per Share. Net proceeds from the Rights Issue will be used to support capital needs for the Group's business development in future, which is expected to bring a worthwhile return to the Shareholders in future.

Effect on net assets

As at June 30, 2022, net assets attributable to ordinary shareholders of the parent company was approximately RMB78.4 billion (equivalent to net assets per Share of approximately RMB16.2). Net proceeds from the Rights Issue will increase the cash held in the consolidated statement of financial position of the Group, such that total assets and net assets attributable to ordinary shareholders of the parent company will increase accordingly. For illustrative purpose only, the following table sets out the effect on net assets per Share:

		Scenario A <i>(Note 1)</i> <i>RMB million</i>	Scenario B <i>(Note 2)</i> <i>RMB million</i>
Net assets attributable to ordinary shareholders of the parent company as at June 30, 2022	A	78,373	78,373
Add: Net proceeds to be raised from the Rights Issue		27,000	12,903
Net assets attributable to ordinary shareholders of the parent company immediately upon completion of the Rights Issue	B	105,373	91,276

² There was no change in the total number of A Shares and H Shares in issue from June 30, 2022 to the Latest Practicable Date.

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		Scenario A <i>(Note 1)</i> RMB million	Scenario B <i>(Note 2)</i> RMB million
		<i>Number of Shares</i>	<i>Number of Shares</i>
Number of Shares in issue as at June 30, 2022	C	4,827,256,868	4,827,256,868
Add: Number of Rights Shares to be allotted and issued	C x 3/10	1,448,177,060	1,448,177,060
Number of Shares immediately upon completion of the Rights Issue	D	6,275,433,928	6,275,433,928
Net assets per Share as at June 30, 2022	A/C	RMB16.2	RMB16.2
Adjusted net assets per Share	B/D	RMB16.8	RMB14.5

Notes:

- (1) *Assuming net proceeds to be raised from the Rights Issue is approximately RMB27.0 billion, based on 1,448,177,060 new Shares being allotted on the basis of three (3) Rights Shares for every ten (10) Shares.*
- (2) *Assuming net proceeds to be raised from the Rights Issue is RMB12.9 billion, based on the Indicative Minimum Rights Issue Price of approximately HK\$9.89 (equivalent to approximately RMB8.91) and 1,448,177,060 new Shares being allotted on the basis of three (3) Rights Shares for every ten (10) Shares.*
- (3) *The scenarios presented above are for illustrative purpose only. Shareholders should note that the final Rights Issue Price and the proportion and number of the Rights Shares to be issued will be determined with reference to the market conditions before the issuance and are subject to the review and approval by the CSRC, which could be different from those set out in the above scenarios.*

Under Scenario A, net assets per Share would increase by approximately 3.7% from approximately RMB16.2 as at June 30, 2022 to approximately RMB16.8, due to the rights issue price, dividing the net proceeds to be raised from the Right Issue of approximately RMB27.0 billion by 1,448,177,060 new Shares to be allotted, is higher than net assets per Share as at June 30, 2022.

Under Scenario B, net assets per Share would be diluted by approximately 10.5% from approximately RMB16.2 as at June 30, 2022 to approximately RMB14.5, due to the Indicative Minimum Rights Issue Price of approximately HK\$9.89 (equivalent to approximately RMB8.91 being lower than net assets per Share as at June 30, 2022).

Independent Shareholders should note that, as explained above, the final Rights Issue Price depends on, among others, the pricing principles and market conditions before the issuance. In the event the final Rights Issue Price is below net assets per Share, it would result in a negative impact on net assets per Share, and in the event that such final price is above net assets per Share, it will have a positive impact.

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Effect on working capital and gearing

The Group had cash and bank balances of approximately RMB69.0 billion as at June 30, 2022. Maximum net proceeds from the Rights Issue of approximately RMB27 billion represent close to 40% of the Group's cash and bank balances. Given that a substantial portion of the net proceeds will be used to support the capital needs for business development and the remaining portion will be used for replenishing other working capital, we consider that the working capital of the Group would improve as a result of the Rights Issue. In other words, the Rights Issue will strengthen the Group's net capital, liquidity and financial position to support its business development.

The following table sets out, for illustrative purpose only, the effect on the gearing ratio of the Group, under Scenario A and Scenario B.

		Scenario A	Scenario B
		<i>(Note 1)</i>	<i>(Note 2)</i>
		<i>RMB million</i>	<i>RMB million</i>
Adjusted total liabilities			
as at June 30, 2022	A	482,544	482,544
Adjusted total assets as at June 30, 2022	B	573,633	573,633
Add: Net proceeds to be raised from			
the Rights Issue		27,000	12,903
	C	600,633	586,536
Gearing ratio as at June 30, 2022	A/B	84.1%	84.1%
Gearing ratio as improved by			
the Rights Issue	A/C	80.3%	82.3%

Notes:

- (1) *Assuming net proceeds to be raised from the Rights Issue is approximately RMB27.0 billion, based on 1,448,177,060 new Shares being allotted on the basis of three (3) Rights Shares for every ten (10) Shares.*
- (2) *Assuming net proceeds to be raised from the Rights Issue is RMB12.9 billion, based on the Indicative Minimum Rights Issue Price of approximately HK\$9.89 (equivalent to approximately RMB8.91) and 1,448,177,060 new Shares being allotted on the basis of three (3) Rights Shares for every ten (10) Shares.*
- (3) *The scenarios presented above are for illustrative purpose only. Shareholders should note that the final Rights Issue Price and the proportion and number of the Rights Shares to be issued will be determined with reference to the market conditions before the issuance and are subject to the review and approval by the CSRC, which could be different from those set out in the above scenarios.*

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As illustrated above, the Group's gearing ratio would be improved, decreasing from approximately 84.1% as at June 30, 2022 to approximately 80.3%, or 82.3%, immediately upon completion of the Rights Issue, under Scenario A and Scenario B respectively.

Independent Shareholders are reminded that the number of Shares to be issued, total amount of proceeds and completion date of the Rights Issue are subject to approvals by the regulatory authorities and the level of subscriptions by the Shareholders, and that the aforementioned analyses are for illustrative purposes only, and do not purport to represent what the financial performance and position of the Group will be upon completion of the Rights Issue.

8. Potential dilution effects on shareholding

All qualified Shareholders are entitled to subscribe for the Rights Shares offered to them under the Rights Issue Plan. Shareholders should note that under the H Share Rights Issue, there is no requirement for a minimum level of subscription in the H Share Rights Issue, while the A Share Rights Issue Plan may only proceed if the subscription level of the A Rights Shares is at least 70% of the A Share Rights Issue. The rights to subscribe for the A Shares which are not taken up will lapse and no new A Shares will be issued or allotted pursuant to such rights.

The proportionate shareholdings of qualified Shareholders who take up their rights entitlements in full under the Rights Issue will not suffer any dilution upon completion of the Rights Issue. For those qualified Shareholders who opt not to take up their rights entitlements in full under the Rights Issue, depending on the extent to which they take up their rights entitlements, their shareholding interests will be diluted upon completion of the Rights Issue by a maximum of approximately 23%.

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Set out below are the shareholding structure of the Company as at the Latest Practicable Date, and immediately upon completion of the Rights Issue, assuming that (i) the Rights Shares are fully subscribed (“**Scenario 1**”); (ii) 70% of the A Rights Shares are subscribed, and the H Rights Shares are fully subscribed (“**Scenario 2**”); (iii) the A Rights Shares are fully subscribed, and none of the H Rights Shares are subscribed (“**Scenario 3**”); and (iv) 70% of the A Rights Shares are subscribed, and none of the H Rights Shares are subscribed (“**Scenario 4**”), for illustrative purpose only. Under each scenario, it is assumed that the Rights Issue is conducted on the basis of three (3) Rights Shares for every ten (10) Shares, and no change in the total issued Shares from the Latest Practicable Date to the Record Date:

Name of Shareholders	Class of Shares	As at the Latest Practicable Date		Scenario 1		Scenario 2		Scenario 3		Scenario 4	
		Number of Shares held	%	Number of Shares held	%	Number of Shares held	%	Number of Shares held	%	Number of Shares held	%
Central Huijin	A Shares	1,936,155,680	40.11	2,517,002,384	40.11	2,517,002,384	41.86	2,517,002,384	44.12	2,517,002,384	46.26
China Jianyin Investment Limited (Note 1)	A Shares	911,600	0.02	1,185,080	0.02	1,185,080	0.02	1,185,080	0.02	1,185,080	0.02
JIC Investment Co., Ltd. (Note 1)	A Shares	911,600	0.02	1,185,080	0.02	1,185,080	0.02	1,185,080	0.02	1,185,080	0.02
China Investment Consulting Co., Ltd. (Note 1)	A Shares	911,600	0.02	1,185,080	0.02	1,185,080	0.02	1,185,080	0.02	1,185,080	0.02
The Group (Note 2)	A Shares	6,500	0.00	8,450	0.00	8,450	0.00	8,450	0.00	8,450	0.00
The Group (Note 2)	H Shares	82,230,430	1.70	106,899,559	1.70	106,899,559	1.78	82,230,430	1.44	82,230,430	1.51
Central Huijin and its concert parties	A Shares and H Shares	2,021,127,410	41.87	2,627,465,633	41.87	2,627,465,633	43.70	2,602,796,504	45.63	2,602,796,504	47.84
Other A Shareholders	A Shares	984,645,460	20.40	1,280,039,098	20.40	1,016,920,279	16.91	1,280,039,098	22.44	1,016,920,279	18.69
Other H Shareholders (Note 3)	H Shares	1,821,483,998	37.73	2,367,929,197	37.73	2,367,929,197	39.38	1,821,483,998	31.93	1,821,483,998	33.48
Independent Shareholders	A Shares and H Shares	2,806,129,458	58.13	3,647,968,295	58.13	3,384,849,476	56.30	3,101,523,096	54.37	2,838,404,277	52.17
Total issued shares	A Shares and H Shares	4,827,256,868	100	6,275,433,928	100	6,012,315,109	100	5,704,319,600	100	5,441,200,781	100

Notes:

- (1) Each directly or indirectly wholly-owned by Central Huijin.
- (2) The interests in such Shares are held by the Group in the capacity, amongst others, as the manager of certain funds and asset management plans.
- (3) In the event that the H Share Rights Issue is fully underwritten by underwriter(s) (which will not be a concert party of Central Huijin), such H Shares held by the other H Shareholders immediately after the completion of the Rights Issue may include H Shares held by the underwriter(s).
- (4) Subject to rounding adjustments and may not add up.

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As mentioned earlier, the Company has received an undertaking from Central Huijin that it will subscribe in cash for all the Offered Rights Shares. As illustrated above, Central Huijin and its concert parties' equity interest in the Company would remain the same (Scenario 1, where the Rights Shares are fully subscribed) or increase to a maximum of approximately 47.84% (Scenario 4, where 70% of the A Rights Shares are subscribed and none of the H Rights Shares are subscribed), depending on the level of subscription of the Rights Shares. In other words, Central Huijin will remain as the controlling Shareholder immediately upon completion of the Rights Issue. On the other hand, shareholdings in the Company held by existing Independent Shareholders would remain the same (Scenario 1) or be diluted by a maximum of approximately six percentage points from approximately 58.13% as at the Latest Practicable Date to a minimum of approximately 52.17% (Scenario 4).

Having taken into account that (i) the net proceeds from the Rights Issue are intended to be mainly used to support the capital needs for the Group's business development, as discussed in the section above headed "2. Reasons for the Rights Issue", (ii) all qualified Shareholders are offered an opportunity to subscribe for the Rights Shares so as to maintain their respective proportionate shareholding interest in the Company, and the shareholding interest of the qualified Shareholders would not be diluted if they elect to subscribe in full for their rights entitlements, and (iii) the minimum Rights Issue Price being set at 80% of the average closing price of the H Shares in the five trading days immediately prior to the publication date of the H Share Rights Issue Announcement being fair and reasonable, as discussed in the section above headed "6. Comparison with recent rights issue precedents", we consider that the potential maximum dilution effects on the existing Independent Shareholders, which can be avoided or limited, is acceptable in the context of the benefits of the Rights Issue Plan as set out above.

9. Whitewash Waiver

As set out in the letter from the Board, Central Huijin is a state-owned investment company incorporated in accordance with the Company Law. Central Huijin, in accordance with authorisation by the State Council, makes equity investments in major state-owned financial enterprises, and shall, to the extent of its capital contribution, exercise the rights and perform the obligations as a capital contributor on behalf of the PRC in accordance with applicable laws. Central Huijin does not conduct any other business or commercial activity and does not intervene in the daily business operations of the key state-owned financial enterprise in which it holds controlling shareholding. As at the Latest Practicable Date, Central Huijin had no intention to introduce any major changes in the business of the Company, including any redeployment of fixed assets of the Company, or to discontinue the employment of the employees of the Group other than in the ordinary course of business of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, Central Huijin and its concert parties held in aggregate 2,021,127,410 Shares, representing approximately 41.87% of the total issued Shares. Central Huijin has provided an undertaking to subscribe in cash for all the Offered Rights Shares. As set out in the section headed “Implications Under the Takeovers Code and Application for Whitewash Waiver” in the letter from the Board, upon completion of the Rights Issue, Central Huijin and its concert parties’ voting rights in the Company may increase to up to 47.84% of the total issued Shares (Scenario 4 in the section above headed “8. Potential dilution effects on shareholding”), i.e. by up to approximately 5.97% as compared with its lowest voting rights percentage in the 12 months preceding completion of the Rights Issue, assuming that: (i) Central Huijin and its concert parties will fully subscribe their A Rights Shares entitlement; (ii) the subscription level of the A Rights Shares will only reach the minimum requirement of 70%; and (iii) there is nil subscription for the H Rights Shares, i.e. Scenario 4 in the section above headed “8. Potential dilution effects on shareholding”.

In the absence of the Whitewash Waiver, completion of the Rights Issue could in the circumstances set out above may give rise to an obligation on the part of Central Huijin to make a mandatory offer for all the Shares other than those already owned or agreed to be acquired by it under Rule 26.1 of the Takeovers Code. An application for the Whitewash Waiver has been submitted to the Executive. The Executive has agreed to grant the Whitewash Waiver from compliance with the obligation to make a mandatory offer under Rule 26.1 of the Takeovers Code, subject to, among other things, the passing of the Whitewash Waiver Resolutions.

Independent Shareholders should note that the Rights Issue is subject to the fulfilment of a number of Conditions, including the approval by the Independent Shareholders at the General Meeting for the Whitewash Waiver Resolutions. The Rights Issue will not proceed if the Whitewash Waiver is withdrawn or revoked prior to completion of the Rights Issue or if the Whitewash Waiver Resolutions do not pass. If Central Huijin and its concert parties’ voting rights in the Company remain below 50% after completion of the Rights Issue, Central Huijin is still subject to the 2% annual “creeper” provision in the Takeovers Code, such that on any future occasion where Central Huijin and its concert parties’ voting rights in the Company increases by more than 2% within a 12-month period, Central Huijin would be obliged to make a mandatory general offer to all other Shareholders pursuant to the 2% creeper rule under Rule 26.1 of the Takeovers Code.

Having taken into consideration (i) the reasons for the Rights Issue as set out in the section above headed “2. Reasons for the Rights Issue”; (ii) the minimum Rights Issue Price being set at 80% of the average closing price of the H Shares in the five trading days immediately prior to the publication date of the H Share Rights Issue Announcement being fair and reasonable, as discussed in the section above headed “6. Comparison with recent rights issue precedents”; and (iii) the degree of dilution to Independent Shareholders who do not participate in the Rights Issue as set out in the section above headed “8. Potential dilution effects on shareholding” is considered acceptable, we are of the view that the Whitewash Waiver, which is a non-waivable Condition of the Rights Issue, is fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and/or the Independent Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

DISCUSSION

The Rights Issue Plan is to support continued business growth

The Group is principally engaged in financial services including investment banking, equities, FICC, asset management, private equity and wealth management. In recent years, the Group has been rapidly expanding its businesses, as reflected in its continued growth of revenue and profit. The acquisition of CICC Wealth Management in 2017 accelerated such endeavour to expand business. The Group continues to drive its growth through equity financing (including the initial public offering of new A Shares in 2020) and debt financing.

The Rights Issue Plan, expected to raise up to RMB27 billion, will assist the Group to seize opportunities in the capital market and securities industry, enhance its core competitiveness and accelerate the pace of internationalisation, shore up its level of capital to expand the Company's business development potential, and continue to meet regulatory requirements on capital. Given the Group's financial position, we consider it prudent to conduct a fund-raising of this scale by way of rights issue, which also allows an opportunity for qualified Shareholders to participate.

Terms of the Rights Issue Plan

The Rights Issue Plan involves allotment of new H Shares and A Shares on the basis of three Rights Shares for every ten Shares held on the Record Date. As the final Rights Issue Price will only be determined following future application to and approval from the CSRC, the Company has set the H Share Minimum Issue Price to be 80% of the average closing price of the H Shares in the five trading days immediately prior to the date of the H Share Rights Issue Announcement. We consider the above price floor mechanism to be reasonable, given the time lag between the date of the Circular and the date of determining the final Rights Issue Price, which will be based on market conditions closer to the actual subscription by the qualified Shareholders.

The A Share Rights Issue has a Condition of at least 70% subscription for the A Share Rights Issue in compliance with the applicable PRC laws and regulations. Central Huijin, currently directly holding approximately 66.23% of the total issued A Shares and approximately 40.11% of total issued Shares, has undertaken to subscribe for all the A Rights Shares offered to it. There is no minimum subscription threshold for the H Share Rights Issue.

Qualified H Shareholders will have the opportunity to take up their pro-rata proportion of Shares or, if they choose not to do so, a right to sell their nil-paid rights in the market. Qualified H Shareholders (other than the PRC Southbound Trading Investors) will also have the opportunity to apply for additional H Rights Shares (if available) through excess applications.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Use of proceeds

The proceeds from the Rights Issue of up to RMB27 billion will be utilised as to (i) up to RMB24 billion for supporting the capital needs for the Group's business development, and (ii) up to RMB3 billion for replenishing working capital. If the net proceeds from the Rights Issue are less than the proceeds proposed to be invested, the shortfall will be made up by the Company. Having taken into account the Group's capital needs and its financial position, we consider it reasonable for the Group to utilise the proceeds to strengthen its capital position and to facilitate development of its major business lines in the way described in this letter.

Evaluation of the H Share Minimum Issue Price

The final Rights Issue Price will only be determined on a future date, at a price not lower than the H Share Minimum Issue Price. For illustration purpose only, the Indicative Minimum Rights Issue Price, based on the average market prices of the H Shares in the five trading days up to and including the Latest Practicable Date, is approximately HK\$9.89 (equivalent to approximately RMB8.91). On this basis, the discounts of the Indicative Minimum Rights Issue Price to the (average) closing prices of the H Shares, theoretical ex-rights price of the H Shares and theoretical dilution effects to the H Shareholders are generally comparable to the Rights Issue Precedents.

The discounts of the Indicative Minimum Rights Issue Price to the (average) closing prices of the A Shares, theoretical ex-rights price of the A Shares and theoretical dilution effects to the A Shareholders are higher than those of the Rights Issue Precedents. In our opinion, this is explained by the Indicative Minimum Rights Issue Price being calculated based on a discount to market prices of the H Shares (instead of the A Shares). The market prices of the A Shares have been trading at a very substantial premium over that of the H Shares, higher than those of the Rights Issue Precedents.

The Indicative Minimum Rights Issue Price is arrived at with reference to market prices of the H Shares up to and including the Latest Practicable Date, based on the mechanism that sets a maximum discount to market. The final Rights Issue Price may be determined at a price higher than the H Share Minimum Issue Price, and may be higher or lower than the H Share price at that time.

Financial effects of the Rights Issue

The Rights Issue is expected to significantly strengthen the Group's capital base and liquidity, and lower the Group's gearing. While there may be some immediate dilution to earnings per Share upon completion, the net proceeds from the Rights Issue will be used to support the Group's business development, which is expected to bring a worthwhile return to Shareholders. A dilution to net assets per Share may result based on the Indicative Minimum Rights Issue Price, but the actual level of dilution or accretion will depend on the final Rights Issue Price.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Whitewash Waiver

In the scenario where Central Huijin and its concert parties subscribe in full their A Rights Shares entitlements while only a minimum required level of subscription is achieved (i.e. 70% of the A Rights Shares, but nil for H Rights Shares are subscribed), voting rights to be held by Central Huijin and its concert parties may increase by up to approximately 5.97% to up to approximately 47.84% (Scenario 4 in the section above headed “8. Potential dilution effects on shareholding”), resulting in the same level of dilution to the shareholding of existing Independent Shareholders. An application for the Whitewash Waiver has been made to the Executive, who has agreed to grant such waiver, subject to, among other things, the passing of the Whitewash Waiver Resolutions. Considering the factors contained in the section above headed “9. Whitewash Waiver”, we are of the view that the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned, and the Whitewash Waiver is in the interests of the Company and/or its Independent Shareholders.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons which are summarised in the section above headed “Discussion”, we consider that (i) the terms of the Rights Issue and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned, and (ii) the Rights Issue and the Whitewash Waiver are in the interests of the Company and/or the Independent Shareholders.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolutions to be proposed at the General Meeting to approve the Rights Issue and the Whitewash Waiver.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
John Wong
Director

Mr. John Wong is a licensed person registered with the SFC and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over ten years of experience in the corporate finance industry.



China International Capital Corporation Limited
中國國際金融股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 03908)

NOTICE OF 2022 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2022 First Extraordinary General Meeting (the “**2022 First EGM**”) of China International Capital Corporation Limited (the “**Company**”) will be held at CICC Function Room, 1/F, 5L Hotel Beijing, 1 Jianguomenwai Avenue, Chaoyang District, Beijing, the PRC on Monday, October 24, 2022 at 2:00 p.m. for the following purpose. Unless otherwise defined, terms used in this notice shall have the same meanings as those used in the circular of the Company dated September 30, 2022 (the “**Circular**”), which contains details of the following resolutions.

SPECIAL RESOLUTIONS

1. To consider and approve the proposal regarding the satisfaction of the conditions for the Rights Issue by the Company;
2. To consider and approve the proposal regarding the 2022 Rights Issue Plan of the Company:
 - 2.01 Class and par value of Rights Shares;
 - 2.02 Method of issuance;
 - 2.03 Base, proportion and number of the Rights Shares to be issued;
 - 2.04 Pricing principles and Rights Issue Price;
 - 2.05 Target subscribers for the Rights Issue;
 - 2.06 Arrangement for accumulated undistributed profits prior to the Rights Issue;
 - 2.07 Time of issuance;
 - 2.08 Underwriting methods;
 - 2.09 Use of proceeds raised from the Rights Issue;

NOTICE OF 2022 FIRST EXTRAORDINARY GENERAL MEETING

- 2.10 Validity period of the Rights Issue resolution;
- 2.11 Listing of the Shares to be issued under the Rights Issue;
3. To consider and approve the proposal regarding the plan on public issuance of securities by way of Rights Issue in 2022 of the Company;
4. To consider and approve the proposal regarding the authorization to the Board of Directors and its authorized person(s) to deal with matters in connection with the 2022 Rights Issue of the Company;
5. To consider and approve the proposal regarding the report on the use of previously raised proceeds of the Company;
6. To consider and approve the proposal regarding the 2022 feasibility analysis report on the use of proceeds from the Rights Issue of the Company;
7. To consider and approve the proposal regarding the risk reminder of and remedial measures for dilution of immediate returns as a result of the proposed Rights Issue to the existing Shareholders and the undertakings by the relevant parties of the Company;
8. To consider and approve the proposal regarding exempting Central Huijin from making an offer under the applicable PRC laws and regulations;
9. To consider and approve the proposal regarding the Whitewash Waiver in relation to waiving the obligation of Central Huijin to make a mandatory general offer.

By order of the Board
China International Capital Corporation Limited
Secretary to the Board
Sun Nan

Beijing, the PRC
September 30, 2022

As at the date of this notice, the Executive Director of the Company is Mr. Huang Zhaohui; the Non-executive Directors are Mr. Shen Rujun, Ms. Tan Lixia and Mr. Duan Wenwu; and the Independent Non-executive Directors are Mr. Liu Li, Mr. Ng Kong Ping Albert, Mr. Lu Zhengfei and Mr. Peter Hugh Nolan.

NOTICE OF 2022 FIRST EXTRAORDINARY GENERAL MEETING

Notes:

1. Details of the resolutions as set out above are set out in the section headed “Letter from the Board” in the Circular.
2. Pursuant to the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. As such, all resolutions set out in the notice of the 2022 First EGM will be voted by poll. Results of the poll voting will be published on the Company’s website at www.cicc.com and the HKEXnews website of the Hong Kong Stock Exchange at www.hkexnews.hk after the 2022 First EGM.
3. As set out in the Circular, it is a condition of the H Shares Rights Issue and the A Shares Rights Issue that the Whitewash Waiver Resolutions are passed. Accordingly, (i) the special resolution approving the proposal regarding the 2022 Rights Issue Plan of the Company (i.e. the resolution number 2) is required to be passed by both (a) not less than two-thirds of the votes cast by way of poll by the Shareholders present and voting in person or by proxy at the 2022 First EGM and (b) more than 50% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the 2022 First EGM as required under the Takeovers Code and (ii) the special resolution approving the Whitewash Waiver application (i.e. the resolution number 9) is required to be passed by at least 75% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the 2022 First EGM.
4. Any Shareholder entitled to attend and vote at the 2022 First EGM convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a Shareholder of the Company.
5. In order to be valid, the form of proxy together with the notarized power of attorney or other documents of authorization, if any, must be completed and returned to the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited (for holders of H Shares), not less than 24 hours before the time appointed for holding the 2022 First EGM (that is not later than 2:00 p.m. on Sunday, October 23, 2022 (Beijing time)) or any adjournment thereof. Computershare Hong Kong Investor Services Limited is located at 17M/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong. Completion and return of the form of proxy will not preclude a Shareholder from attending and voting in person at the 2022 First EGM or any adjournment thereof should he/she so wish, but in such event the form of proxy shall be deemed to be revoked.
6. The H Share register of members of the Company will be closed, for the purpose of determining the entitlement of holders of H Shares to attend the 2022 First EGM, from Tuesday, October 18, 2022 to Monday, October 24, 2022 (both days inclusive), during which period no transfer of H Shares will be registered. In order to attend the 2022 First EGM, all share certificates, together with the instruments of transfers, must be lodged for registration with the Company’s H Share Registrar, Computershare Hong Kong Investor Services Limited (for holders of H Shares) at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Monday, October 17, 2022. The holders of H Shares or (as applicable) the Independent Shareholders whose names appear on the H Share register of members of the Company on Monday, October 24, 2022 are entitled to attend and vote at the 2022 First EGM.
7. Where there are joint holders of any Shares, the one whose name stands first in the register of members shall be entitled to attend and vote at the 2022 First EGM in respect of such Shares.
8. Shareholder or his/her proxy shall produce proof of identity when attending the 2022 First EGM:
 - (1) Legal representatives of legal person Shareholders who attend the meeting shall produce their own identity cards and effective proof of their capacity as legal representatives. Proxies of legal person Shareholders shall produce their own identity cards and the form of proxy duly signed by the legal representatives or the board of directors or other governing body of the legal person Shareholders according to laws.
 - (2) Individual Shareholders who attend the meeting in person shall produce their identity cards or other effective document or proof of identity. Proxies of individual Shareholders shall produce effective proof of identity and form of proxy.
9. The 2022 First EGM is expected to be held for less than half a day. Shareholders who attend the meeting in person or by proxy shall bear their own travelling and accommodation expenses.

NOTICE OF 2022 FIRST EXTRAORDINARY GENERAL MEETING

10. Computershare Hong Kong Investor Services Limited is located at Shops 1712-1716, 17/F and 17M/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
11. The board office of the Company is located at 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing, the PRC.

Tel: 86 (10) 6505 1166 (Ext. 1433)

Fax: 86 (10) 6505 1156



China International Capital Corporation Limited
中國國際金融股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 03908)

NOTICE OF 2022 FIRST H SHAREHOLDERS' CLASS MEETING

NOTICE IS HEREBY GIVEN that the 2022 First H Shareholders' Class Meeting (the **"2022 First H Shareholders' Class Meeting"**) of China International Capital Corporation Limited (the **"Company"**) will be held at CICC Function Room, 1/F, 5L Hotel Beijing, 1 Jianguomenwai Avenue, Chaoyang District, Beijing, the PRC on Monday, October 24, 2022 at 3:00 p.m. (or immediately after the conclusion of the 2022 First EGM and the 2022 First A Shareholders' Class Meeting or any adjournment thereof) for the following purpose. Unless otherwise defined, terms used in this notice shall have the same meanings as those used in the circular of the Company dated September 30, 2022 (the **"Circular"**), which contains details of the following resolutions.

SPECIAL RESOLUTIONS

1. To consider and approve the proposal regarding the satisfaction of the conditions for the Rights Issue by the Company;
2. To consider and approve the proposal regarding the 2022 Rights Issue Plan of the Company:
 - 2.01 Class and par value of Rights Shares;
 - 2.02 Method of issuance;
 - 2.03 Base, proportion and number of the Rights Shares to be issued;
 - 2.04 Pricing principles and Rights Issue Price;
 - 2.05 Target subscribers for the Rights Issue;
 - 2.06 Arrangement for accumulated undistributed profits prior to the Rights Issue;
 - 2.07 Time of issuance;
 - 2.08 Underwriting methods;

NOTICE OF 2022 FIRST H SHAREHOLDERS' CLASS MEETING

- 2.09 Use of proceeds raised from the Rights Issue;
- 2.10 Validity period of the Rights Issue resolution;
- 2.11 Listing of the Shares to be issued under the Rights Issue;
- 3. To consider and approve the proposal regarding the plan on public issuance of securities by way of Rights Issue in 2022 of the Company;
- 4. To consider and approve the proposal regarding the authorization to the Board of Directors and its authorized person(s) to deal with matters in connection with the 2022 Rights Issue of the Company;
- 5. To consider and approve the proposal regarding the 2022 feasibility analysis report on the use of proceeds from the Rights Issue of the Company;
- 6. To consider and approve the proposal regarding the risk reminder of and remedial measures for dilution of immediate returns as a result of the proposed Rights Issue to the existing Shareholders and the undertakings by the relevant parties of the Company.

By order of the Board
China International Capital Corporation Limited
Secretary to the Board
Sun Nan

Beijing, the PRC
September 30, 2022

As at the date of this notice, the Executive Director of the Company is Mr. Huang Zhaohui; the Non-executive Directors are Mr. Shen Rujun, Ms. Tan Lixia and Mr. Duan Wenwu; and the Independent Non-executive Directors are Mr. Liu Li, Mr. Ng Kong Ping Albert, Mr. Lu Zhengfei and Mr. Peter Hugh Nolan.

NOTICE OF 2022 FIRST H SHAREHOLDERS' CLASS MEETING

Notes:

1. Details of the resolutions as set out above are set out in the section headed "Letter from the Board" in the Circular.
2. Pursuant to Article 125 of the current Articles of Association, resolutions of a shareholders' class meeting shall be passed by two-thirds or more of the voting rights represented at the shareholders' class meeting.
3. Pursuant to the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. As such, all resolutions set out in the notice of 2022 First H Shareholders' Class Meeting will be voted by poll. Results of the poll voting will be published on the Company's website at www.cicc.com and the HKEXnews website of the Hong Kong Stock Exchange at www.hkexnews.hk after the 2022 First H Shareholders' Class Meeting.
4. Any Shareholder entitled to attend and vote at the 2022 First H Shareholders' Class Meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a Shareholder of the Company.
5. In order to be valid, the form of proxy together with the notarized power of attorney or other documents of authorization, if any, must be completed and returned to the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited (for holders of H Shares), not less than 24 hours before the time appointed for holding the 2022 First H Shareholders' Class Meeting (that is not later than 3:00 p.m. on Sunday, October 23, 2022 (Beijing time)) or any adjournment thereof. Computershare Hong Kong Investor Services Limited is located at 17M/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. Completion and return of the form of proxy will not preclude a Shareholder from attending and voting in person at the 2022 First H Shareholders' Class Meeting or any adjournment thereof should he/she so wish, but in such event the form of proxy shall be deemed to be revoked.
6. The H Share register of members of the Company will be closed, for the purpose of determining the entitlement of holders of H Shares to attend the 2022 First H Shareholders' Class Meeting, from Tuesday, October 18, 2022 to Monday, October 24, 2022 (both days inclusive), during which period no transfer of H Shares will be registered. In order to attend the 2022 First H Shareholders' Class Meeting, all share certificates, together with the instruments of transfers, must be lodged for registration with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited (for holders of H Shares) at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Monday, October 17, 2022. The holders of H Shares whose names appear on the H Share register of members of the Company on Monday, October 24, 2022 are entitled to attend and vote at the 2022 First H Shareholders' Class Meeting.
7. Where there are joint holders of any Shares, the one whose name stands first in the register of members shall be entitled to attend and vote at the 2022 First H Shareholders' Class Meeting in respect of such shares.
8. Shareholder or his/her proxy shall produce proof of identity when attending the 2022 First H Shareholders' Class Meeting:
 - (1) Legal representatives of legal person Shareholders who attend the meeting shall produce their own identity cards and effective proof of their capacity as legal representatives. Proxies of legal person Shareholders shall produce their own identity cards and the form of proxy duly signed by the legal representatives or the board of directors or other governing body of the legal person Shareholders according to laws.
 - (2) Individual Shareholders who attend the meeting in person shall produce their identity cards or other effective document or proof of identity. Proxies of individual Shareholders shall produce effective proof of identity and form of proxy.
9. The 2022 First H Shareholders' Class Meeting is expected to be held for less than half a day. Shareholders who attend the meeting in person or by proxy shall bear their own travelling and accommodation expenses.
10. Computershare Hong Kong Investor Services Limited is located at Shops 1712-1716, 17/F and 17M/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
11. The board office of the Company is located at 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing, the PRC.

Tel: 86 (10) 6505 1166 (Ext. 1433)

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STATEMENTS ON THE SATISFACTION OF THE CONDITIONS FOR
THE RIGHTS ISSUE
OF CHINA INTERNATIONAL CAPITAL CORPORATION LIMITED

China International Capital Corporation Limited (hereinafter referred to as the “**Company**”) plans to issue rights shares to its existing shareholders (hereinafter referred to as the “**Rights Issue**” or “**Issue**”). In accordance with the provisions prescribed in relevant laws, regulations and prescriptive documents such as the *Company Law of the People’s Republic of China* (《中華人民共和國公司法》) (hereinafter referred to as the “**Company Law**”), the *Securities Law of the People’s Republic of China* (《中華人民共和國證券法》) (hereinafter referred to as the “**Securities Law**”), the *Administrative Measures for the Issuance of Securities by Listed Companies* (《上市公司證券發行管理辦法》) (hereinafter referred to as the “**Administrative Measures**”) and the *Q&A on Issuance Regulation – Regulatory Requirements on Guiding and Regulating the Financing Behaviors of Listed Companies (Revised)* (《發行監管問答 — 關於引導規範上市公司融資行為的監管要求(修訂版)》), the Company has carefully inspected its actual circumstances and the relevant requirements on the qualification and criteria of listed companies for rights issue, and deems that the Company complies with the provisions and requirements on rights issue by listed companies as prescribed in relevant laws, regulations and prescriptive documents and meets the qualification and criteria for applying for the rights issue. Details are as follows:

I. The Company Complies with Relevant Provisions in the Company Law

- (I) The shares to be issued under the Rights Issue include RMB ordinary shares (A shares) and overseas-listed foreign shares (H shares), and each share of the same class is issued under the same conditions and at the same price, which complies with the relevant provisions in Article 126 of the Company Law:

Shares shall be issued in accordance with the principles of fairness and impartiality, and each share of the same class shall rank *pari passu* with each other; shares of the same class in the same tranche shall be issued under the same conditions and at the same price; the same price shall be payable for each of the shares subscribed for by any entity or individual.

- (II) The issuing price of the shares to be issued under the Rights Issue is no less than the par value, which complies with the relevant provisions in Article 127 of the Company Law:

The issuance price of shares can be par value or higher than the par value, however, not less than the par value.

**APPENDIX I STATEMENTS ON THE SATISFACTION OF THE CONDITIONS
FOR THE RIGHTS ISSUE OF THE COMPANY**

II. The Company Complies with Relevant Provisions in the Securities Law

The Company did not make unauthorized changes to the use of proceeds without rectification or approval from the shareholders' general meeting, which complies with provisions as set out in Article 14 of the Securities Law.

III. The Company Complies with Relevant Provisions in the Administrative Measures

- (I) The Company has a sound and well-operated organization, which complies with the relevant provisions in Article 6 of the Administrative Measures:
1. The *Articles of Association of the China International Capital Corporation Limited* (hereinafter referred to as the “**Articles of Association**”) is lawful and effective, and there are sound systems for the shareholders' general meeting, the board of directors, the supervisory committee, and independent directors, who are able to effectively perform their respective functions in accordance with the law;
 2. The Company has a sound internal control system, which can ensure the operational efficiency, the compliance with laws and regulations, and the reliability of the financial reports of the Company. There are no material defects in relation to the completeness, reasonableness and validity of the internal control system;
 3. The existing directors, supervisors and senior management have obtained the relevant qualifications and can faithfully and diligently perform their duties. None of them has committed any act in violation of Article 147 or Article 148 of the Company Law, or has been given any administrative penalty by the China Securities Regulatory Commission (hereinafter referred to as the “**CSRC**”) within the last 36 months, or has been publicly condemned by any stock exchanges within the last 12 months;
 4. The Company is independent from the controlling shareholder in relation to personnel, assets, financial affairs, institutions and business operations, and can carry out business operations and management independently;
 5. The Company has not provided any illegal guarantee to external parties within the last 12 months.

**APPENDIX I STATEMENTS ON THE SATISFACTION OF THE CONDITIONS
FOR THE RIGHTS ISSUE OF THE COMPANY**

(II) The Company has sustainable profitability, which complies with the relevant provisions in Article 7 of the Administrative Measures:

1. It has achieved profit for the last three financial years on a consecutive basis (with the lesser between the net profits after deduction of the extraordinary profits and losses and the net profits before such deduction being used as the basis of calculation);
2. It has relatively stable sources of businesses and profits and it does not substantially rely on its controlling shareholder;
3. It can continue its existing principal business or investment trend on a sustainable basis. It has a sound business model and investment plan, and has a good market prospect for its main products or services. There is no actual or foreseeable material negative change in the business environment or market demand of the industry;
4. Its senior management and the core technicians are stable and there have been no material adverse changes within the last 12 months;
5. Its important assets, core technologies or other important rights and interests of the Company have been lawfully obtained and can be continuously utilized, and there is no actual or foreseeable material adverse change therein;
6. There is no guarantee, litigation, arbitration or any other important matters that is likely to seriously affect the sustainable business operations of the Company;
7. It has publicly issued securities within the last 24 months, and there is no such circumstance that the operating profits for the year of issuance decreased by more than 50% as compared to the previous year.

(III) The Company has a good financial status in compliance with the relevant provisions in Article 8 of the Administrative Measures:

1. Its accounting basis is standardized, and is in strict compliance with the national unified accounting system;
2. With respect to the financial statements of the last three years and the latest period, no certified public accountant has issued an audit report with qualified opinions or negative opinions, or has been unable to give an opinion;
3. Its assets are of good quality;

**APPENDIX I STATEMENTS ON THE SATISFACTION OF THE CONDITIONS
FOR THE RIGHTS ISSUE OF THE COMPANY**

4. Its operating results are genuine, and its cash flows are normal. It has strictly complied with the relevant national accounting standards for enterprises in recognition of its operating incomes and costs and expenses. It has made sufficient and reasonable provisions for asset impairment in last three years and has never manipulated its operating results;
5. The profits which it has accumulatively distributed in cash in the last three years are not less than 30% of the average annual distributable profits realized in the last three years.

(IV) The Company has made no false statement in its financial and accounting documents within the last 36 months and has not committed any of the following material violation as stipulated in Article 9 of the Administrative Measures:

1. Being subject to any administrative penalty by the CSRC or being given any criminal punishments, due to violation of any securities laws, administrative regulations or rules;
2. Being subject to any administrative penalty with serious circumstances, or being subject to any criminal punishments, due to a violation of any laws, administrative regulations or rules on industry and commerce, tax, land, environmental protection or customs;
3. Acts in violation of other national laws or administrative regulations with serious circumstances.

(V) The amount and use of the proceeds raised by the Company comply with the relevant provisions in Article 10 of the Administrative Measures:

1. The amount of the proceeds does not exceed the required amount of the projects;
2. There is no such circumstance that the uses of proceeds are not in line with the national industrial policies as well as the laws and administrative regulations on environmental protection and land management;
3. Except for a financial enterprise, the proceeds will not be used as financial investments including holding transactional financial assets and financial assets available for sale, lending to others or entrusted wealth management, nor will it be used to invest directly or indirectly in any company which mainly engages in the purchasing and selling of negotiable securities;

**APPENDIX I STATEMENTS ON THE SATISFACTION OF THE CONDITIONS
FOR THE RIGHTS ISSUE OF THE COMPANY**

4. The use of the proceeds raised from the Rights Issue or the implementation of investment projects will not result in competition with the controlling shareholder, nor will it affect the Company's independence in relation to production and business operations;
5. The Company has formulated rules on the special deposit of the proceeds and shall deposit the proceeds in the special account as decided by the board of directors of the Company.

(VI) The Company is not involved in any of the following circumstances under which it would be prohibited to make public offerings as stipulated in Article 11 of the Administrative Measures:

1. The application documents for the Issue having any false record, misleading statement or serious omission;
2. The Company changing the use of the proceeds obtained in the previous public issuance of securities without authorization and fails to make rectifications;
3. The Company being publicly reprimanded by the stock exchange within the last 12 months;
4. The Company and its controlling shareholder failing to perform their public undertakings to the investors within the last 12 months;
5. The Company or any of its existing directors or senior management being investigated by the judicial authority due to any suspected crime or being investigated by the CSRC due to any suspected violation;
6. Other circumstances under which the legitimate rights and interests of the investors or the social and public interests are severely impaired.

(VII) The Rights Issue by the Company complies with relevant provisions in Article 12 of the Administrative Measures:

1. The amount of the shares to be allotted does not exceed 30% of the total share capital prior to the Rights Issue;
2. The controlling shareholder of the Company, Central Huijin Investment Ltd., has made a public undertaking to subscribe for the shares to be allotted to it;
3. The Rights Issue of A shares under the Rights Issue of the Company will be underwritten on a best effort basis as required under the Securities Law.

IV. The Company Complies with the Relevant Provisions of the *Q&A on Issuance Regulation – Regulatory Requirements on Guiding and Regulating the Financing Behaviors of Listed Companies (Revised)* (《發行監管問答 — 關於引導規範上市公司融資行為的監管要求(修訂版)》)

- (I) The listed company shall take a comprehensive consideration of the existing monetary fund, structure of assets and liabilities, scale of operation, trends in changes and future demands of liquidity, to reasonably determine the scale of the raised proceeds which will be used to replenish the liquid capital and repay debts. All the proceeds raised from rights issue, issuance of preference shares or non-public issuance of shares to the target subscribers determined by the board of directors may be used to replenish the liquid capital and repay debts.

- (II) If the listed company applies for issuance of additional shares, rights issue or non-public issuance of shares, in principle, the date of the meeting of the board of directors approving the issuance shall be at least 18 months after the date when the previously raised proceeds from the last issuance was available for use. The issuance will not be subject to aforesaid limitations if the previously raised proceeds have been essentially used up or invested as planned without any changes, but the corresponding interval shall in principle be at least six months. The previously raised proceeds include the proceeds from initial offering, issuance of additional shares, rights issue and non-public issuance of shares.

- (III) If the listed company applies for refinancing, except for a financial enterprise, the listed company in principle should not hold any financial investments including held-for-trade financial assets or financial assets available for sale in a large amount or for a long term, lending to others or entrusted wealth management, as at the end of the last period.

In conclusion, the Company is of the view that the Company has a sound and well-operated organization, sustainable profitability and good financial status without false statements in its financial and accounting documents. The amount and the use of the raised proceeds comply with relevant provisions without any material violations. The Company complies with the provisions and requirements in relation to the rights issue by listed companies under relevant laws, regulations and prescriptive documents, and satisfies the qualification and criteria for applying for the rights issue.

**PLAN ON PUBLIC ISSUANCE OF SECURITIES BY WAY OF RIGHTS ISSUE IN 2022
OF CHINA INTERNATIONAL CAPITAL CORPORATION LIMITED****I. Statements on the Compliance of the Issuance with the Relevant Laws and Regulations in Respect of Public Issuance by Way of Rights Issue**

Pursuant to the provisions of the *Company Law of the People's Republic of China* (《中華人民共和國公司法》), the *Securities Law of the People's Republic of China* (《中華人民共和國證券法》), the *Administrative Measures for the Issuance of Securities by Listed Companies* (《上市公司證券發行管理辦法》), the *Q&A on Issuance Regulation – Regulatory Requirements on Guiding and Regulating the Financing Behaviors of Listed Companies (Revised)* (《發行監管問答 — 關於引導規範上市公司融資行為的監管要求(修訂版)》), the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (《香港聯合交易所有限公司證券上市規則》) and other relevant laws, regulations and prescriptive documents, the Company has conducted self-inspection on each item with reference to the requirement of relevant qualifications and conditions in respect of Rights Issue by A share and H share listed companies, and is of the view that the Company complies with the provisions and requirements in respect of Rights Issue by A share and H share listed companies as provided under relevant laws, regulations and prescriptive documents and meets the qualifications and conditions for applying for the Rights Issue.

II. Overview of the Rights Issue**(I) Class and Par Value of Rights Shares**

The classes of shares to be issued under the Rights Issue are A shares and H shares, each with a par value of RMB1.00.

(II) Method of Issuance

The issuance will be conducted by way of issuing shares to existing shareholders.

(III) Base, Proportion and Number of the Rights Shares to be Issued

Under the Rights Issue of A shares, shares are proposed to be allotted to all A shareholders on the basis of up to 3 rights shares for every 10 shares calculated based on the total number of A shares in issue after the trading hours on the record date for the Rights Issue of A shares. Under the Rights Issue of H shares, shares are proposed to be allotted to all qualified H shareholders on the basis of up to 3 rights shares for every 10 shares calculated based on the total number of H shares in issue after the trading hours on the record date for the Rights Issue of H shares. Fractional rights share will be dealt with according to the relevant requirements of the stock exchanges and securities registration and clearing institutions of the locations where the securities of the Company are traded at. The proportions of the Rights Issue of A shares and H shares are the same.

Calculated on the basis of 4,827,256,868 total issued shares (comprising 2,923,542,440 A shares and 1,903,714,428 H shares) as of June 30, 2022, it is expected that the number of rights shares to be issued will not exceed 1,448,177,060 shares, comprising up to 877,062,732 A rights shares and up to 571,114,328 H rights shares. If there is any change in the total issued shares of the Company prior to the implementation of the Rights Issue as a result of bonus issue, conversion of capital reserve into share capital or other reasons of the Company, the number of rights shares to be issued will be adjusted according to the changed total issued shares. The final proportion and number of rights shares will be determined through the negotiation between the board of directors or its authorized person(s) as authorized by the general meeting and the sponsor(s) (underwriter(s)) with reference to the market conditions before the issuance.

(IV) Pricing Principles and Rights Issue Price

1. *Pricing principles*

- (1) To make reference to trading price of the shares in the secondary market and various valuation indicators such as price-to-earnings ratio and price-to-book ratio, having regard to the development of the Company as well as the interests of the shareholders as a whole;
- (2) To take into consideration the capital need of projects which will be funded by the proceeds of the Rights Issue;
- (3) To comply with the principle negotiated between the board of directors of the Company or its authorized person(s) and sponsor(s) (underwriter(s)).

2. *Rights Issue price*

The Rights Issue price will be determined through the negotiation between the board of directors of the Company or its authorized person(s) as authorized by the shareholders' general meeting and the sponsor(s) (underwriter(s)) with reference to the market conditions and pricing principles before the issuance. The Rights Issue price of the H shares shall not be lower than 80% of the average closing price in Hong Kong dollars of the Company's H shares on The Stock Exchange of Hong Kong Limited in the five trading days immediately prior to the publication date of the Company's Rights Issue of H shares announcement ("**H Share Minimum Issue Price**"); the Rights Issue price of the A shares shall not be lower than the H Share Minimum Issue Price after exchange rate adjustment as at the time. The Rights Issue price of the A shares and the H shares shall be consistent after exchange rate adjustment, which may be higher or lower than the market trading price of the H shares at that time.

(V) Target Subscribers for the Rights Issue

The target subscribers in respect of the Rights Issue of A shares shall be all A shareholders of the Company registered on the register of members kept with China Securities Depository and Clearing Corporation Limited, Shanghai Branch after the trading hours on the record date for the Rights Issue of A shares. The target subscribers in respect of the Rights Issue of H shares shall be all qualified H shareholders as at the record date for the Rights Issue of H shares. The record date in relation to the Rights Issue will be determined after obtaining the approval by the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”) for the Rights Issue Plan.

Central Huijin Investment Ltd., the controlling shareholder of the Company, has undertaken to fully subscribe in cash for the rights shares offered to it under the Rights Issue Plan.

(VI) Arrangement for Accumulated Undistributed Profits Prior to the Rights Issue

The accumulated undistributed profits of the Company prior to the Rights Issue shall be shared by all shareholders on a pro rata basis after completion of Rights Issue of A shares and H shares.

(VII) Time of Issuance

Upon obtaining the approval by the CSRC, the Rights Issue will be implemented in due course within the stipulated period.

(VIII) Underwriting Methods

The A rights shares will be underwritten on a best efforts basis, and the H rights shares will be underwritten in accordance with Rule 7.19(1) of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (《香港聯合交易所有限公司證券上市規則》).

(IX) Use of Proceeds Raised from the Rights Issue

The total proceeds raised from the Rights Issue are expected to be no more than RMB27 billion (the specific size depends on the market conditions at the time of issuance). The net proceeds, after deduction of relevant issuance expenses, are proposed to be used for replenishing the capital for supporting various business developments and replenishing other working capital. The details are as follows:

No.	Use of Proceeds	Amount
1	Supporting the capital needs for business development	No more than RMB24 billion
2	Replenishing other working capital	No more than RMB3 billion
	Total	No more than RMB27 billion

If the net proceeds raised from the Rights Issue are less than the proceeds proposed to be invested, the shortfall will be made up by the Company. Without any changes in the use of the proceeds, the board of directors of the Company or its authorized person(s) may make appropriate adjustments to the specific investment and utilization plan, the sequence and amount of investment of the proceeds in the above projects according to the actual needs of projects. From the date of approval at the meeting of the board of directors of the Company convened to consider the Rights Issue Plan resolution to the date on which the proceeds are available for use, the Company will first invest the self-raised funds in relevant projects according to the operating conditions and development plans, and will replace the self-raised funds with the proceeds of the Rights Issue as and when available in accordance with the relevant procedures required under relevant laws and regulations.

(X) Validity Period of the Rights Issue Resolution

The validity period of the Rights Issue resolution shall be 12 months from the date on which the resolution is considered and approved at the shareholders' general meeting, the A shareholders' class meeting and the H shareholders' class meeting of the Company.

(XI) Listing of the Shares to be issued under the Rights Issue

Upon completion of the Rights Issue of A shares, the A shares to be issued will be listed on the Shanghai Stock Exchange according to the relevant requirements.

Upon completion of the Rights Issue of H shares, the H shares to be issued will be listed on The Stock Exchange of Hong Kong Limited according to the relevant requirements.

The plan in relation to the Rights Issue has been considered and approved at the 26th meeting of the second session of the board of directors of the Company held on September 13, 2022, and the implementation of the plan is subject to the consideration and approvals by the shareholders' general meeting, the A shareholders' class meeting and the H shareholders' class meeting of the Company, as well as the approval by the CSRC.

III. Financial and Accounting Information and the Management Discussion and Analysis

The financial statements of the Company for the years ended December 31, 2019, 2020 and 2021 have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP with the standard unqualified audit reports of De Shi Bao (Shen) Zi (20) No. P01295, De Shi Bao (Shen) Zi (21) No. P00834 and De Shi Bao (Shen) Zi (22) No. P02367 issued. The interim financial statements of the Company for the six months from January 1, 2022 to June 30, 2022 have been reviewed by Deloitte Touche Tohmatsu Certified Public Accountants LLP with the review report of De Shi Bao (Yue) Zi (22) No. R00051 issued. The financial statements of the Company for the years ended December 31, 2019, 2020 and 2021 were extracted from the annual reports of the Company for the corresponding years published on the Shanghai Stock Exchange, and the financial statements of the Company for the six months ended June 30, 2022 were extracted from the 2022 interim report of the Company published on the Shanghai Stock Exchange.

The financial information of the Company for the years ended December 31, 2019, 2020 and 2021 and for the six months ended June 30, 2022 (collectively the “Reporting Period”) is as follows:

(I) Consolidated Financial Statements**1. Consolidated balance sheet***Unit: RMB’0,000*

Items	June 30, 2022	December 31, 2021	December 31, 2020	December 31, 2019
ASSETS				
Cash and bank balances	14,291,763.73	13,510,605.82	9,581,661.20	6,145,393.45
Including: cash held on behalf of clients	8,060,070.77	7,534,210.91	5,166,573.97	4,096,038.78
Deposits with clearing houses	2,051,993.97	2,207,442.70	1,229,517.52	1,096,379.41
Including: deposits held on behalf of clients	1,386,485.60	1,569,528.13	928,497.64	749,841.21
Receivable from margin clients	3,514,775.23	3,947,905.67	3,388,481.33	2,318,995.09
Derivative financial assets	1,903,446.06	1,456,422.87	1,231,126.38	450,220.43
Refundable deposits	1,206,360.11	1,263,191.28	1,176,832.39	650,209.39
Accounts receivable	5,597,400.71	4,574,288.06	4,349,377.47	1,787,655.94
Financial assets held under resale agreements (“reverse REPOs”)	3,850,975.29	2,585,849.41	1,843,069.71	1,429,893.69
Financial investments:				
Financial assets held for trading	29,668,646.22	30,117,421.51	24,760,569.76	16,819,189.41
Other debt investments	4,795,574.81	4,300,996.97	3,721,218.75	2,898,582.33
Long-term equity investments	109,290.42	108,693.56	118,885.29	116,847.67
Fixed assets	72,570.16	68,047.31	51,519.87	51,178.83
Construction in progress	25,587.67	18,943.69	3,733.73	651.41
Right-of-use assets	199,525.08	194,581.61	118,981.52	148,886.11
Intangible assets	154,073.31	147,828.95	138,661.43	139,792.59
Goodwill	162,266.33	162,266.33	158,267.86	158,267.86
Deferred tax assets	172,864.26	162,863.94	178,761.44	108,994.57
Other assets	222,323.43	152,199.26	111,384.30	175,986.11
Total assets	67,999,436.76	64,979,548.92	52,162,049.96	34,497,124.29

Items	June 30, 2022	December 31, 2021	December 31, 2020	December 31, 2019
LIABILITIES				
Short-term debt securities issued	1,844,594.24	2,298,985.75	2,649,257.05	2,124,033.49
Placements from financial institutions	4,491,225.60	5,147,727.87	3,451,641.47	2,408,238.21
Financial liabilities held for trading	4,254,356.61	3,892,678.67	4,289,154.93	2,657,031.89
Derivative financial liabilities	1,295,778.75	1,813,400.75	2,468,253.46	636,219.20
Financial assets sold under repurchase agreements (“REPOs”)	5,628,604.77	1,637,607.10	2,510,108.38	2,470,825.72
Accounts payable to brokerage clients	10,597,516.27	9,344,516.53	7,065,518.05	4,833,787.22
Accounts payable to underwriting clients	38,605.50	730,431.09	–	447,748.20
Employee benefits payable	655,828.13	1,116,886.51	858,696.44	547,991.18
Taxes payable	153,681.11	159,716.96	182,434.15	154,915.03
Accounts payable	13,595,671.47	13,490,886.34	7,927,485.07	4,401,564.34
Contract liabilities	53,015.12	41,295.09	17,092.83	33,948.94
Lease liabilities	208,230.36	200,289.54	120,485.93	145,999.45
Long-term debt securities issued	15,299,719.87	16,050,854.98	12,800,096.09	7,939,135.44
Deferred tax liabilities	54,582.45	43,165.52	50,666.77	36,138.92
Other liabilities	719,063.08	538,022.59	589,646.06	806,393.52
Total liabilities	58,890,473.33	56,506,465.28	44,980,536.66	29,643,970.75
EQUITY				
Share capital	482,725.69	482,725.69	482,725.69	436,866.79
Other equity instruments	1,240,000.00	850,000.00	500,000.00	100,000.00
Including: perpetual subordinated bonds	1,240,000.00	850,000.00	500,000.00	100,000.00
Capital reserve	3,953,188.65	3,953,188.65	3,953,327.30	2,693,164.70
Other comprehensive income	-24,440.06	-82,844.11	-59,440.29	27,512.49
Surplus reserve	139,244.88	139,244.88	99,557.65	73,655.85
General reserves	562,077.60	547,006.12	407,431.14	320,119.32
Retained profits	2,724,505.75	2,552,890.90	1,779,892.42	1,178,060.79
Total equity attributable to shareholders of the parent company	9,077,302.51	8,442,212.13	7,163,493.90	4,829,379.93
Non-controlling interests	31,660.93	30,871.52	18,019.40	23,773.61
Total equity	9,108,963.44	8,473,083.64	7,181,513.30	4,853,153.54
Total liabilities and equity	67,999,436.76	64,979,548.92	52,162,049.96	34,497,124.29

2. Consolidated income statement

Unit: RMB'O,000

Items	January to June 2022	2021	2020	2019
Operating revenue	1,213,158.56	3,013,105.42	2,365,952.53	1,575,527.46
Net fee and commission income	709,756.59	1,682,839.78	1,362,561.64	954,672.15
Including: net income from brokerage business	258,227.80	603,082.26	461,046.94	297,859.86
net income from investment banking business	268,101.78	703,629.37	595,613.52	424,758.78
net income from asset management business	70,515.60	153,307.62	113,619.43	75,426.80
Net interest expenses	-37,136.36	-99,021.71	-106,887.71	-109,532.54
Including: interest income	392,034.29	727,647.86	564,487.10	480,018.81
interest expenses	-429,170.65	-826,669.58	-671,374.82	-589,551.34
Investment (losses)/income	-114,052.85	220,660.78	1,904,711.36	978,356.85
Including: share of profits/(losses) of associates and joint ventures	1,596.16	14,756.02	-3,279.20	6,040.31
Other income	11,972.62	15,702.47	13,494.08	13,461.90
Gains/(losses) arising from changes in fair value	620,103.33	1,264,440.77	-592,126.52	-276,452.26
Foreign exchange gains/(losses)	21,403.08	-74,035.03	-218,225.63	12,816.31
Other operating revenue	718.75	2,133.28	1,568.49	2,203.44
Gains on disposal of assets	393.39	385.09	856.82	1.60
Operating expenses	759,389.55	1,715,393.66	1,491,229.22	1,018,611.46
Tax and surcharges	6,593.47	13,384.29	11,577.59	8,439.26
Operating and administrative expenses	759,589.03	1,742,742.58	1,382,298.72	993,876.69
(Reversal of)/provision for impairment losses under expected credit loss model	-6,826.75	-40,803.43	97,279.53	15,959.78
Other operating costs	33.80	70.22	73.38	335.73
Operating profit	453,769.01	1,297,711.76	874,723.31	556,916.00
Add: non-operating revenue	435.15	6,123.81	561.63	567.01
Less: non-operating expenses	2,363.41	6,024.28	4,016.71	27,319.84
Profit before income tax	451,840.75	1,297,811.29	871,268.23	530,163.17
Less: income tax expense	66,887.31	216,819.12	145,054.29	105,380.49
Profit for the period	384,953.44	1,080,992.17	726,213.94	424,782.68
Classified by operation continuity:				
Profit from continuing operations	384,953.44	1,080,992.17	726,213.94	424,782.68

Items	January to June 2022	2021	2020	2019
Classified by attribution:				
Attributable to shareholders of the parent company	384,164.04	1,077,771.31	720,745.25	423,871.93
Attributable to non-controlling interests	789.40	3,220.85	5,468.69	910.75
Other comprehensive income attributable to shareholders of the parent company, net of tax	58,404.04	-23,403.82	-86,952.78	31,433.91
Other comprehensive income to be reclassified to profit or loss:				
– Other comprehensive income to be reclassified to profit or loss under equity method	–	–	10.33	-10.33
– Changes in fair value of other debt investments	-26,562.81	9,163.53	-15,391.08	15,199.96
– Changes in allowance for credit losses on other debt investments	5,852.08	18.37	72.72	-270.90
– Foreign currency translation differences	78,772.50	-32,318.31	-71,644.75	16,515.17
– Others	342.27	-267.41	–	–
Other comprehensive income for the period, net of tax	58,404.04	-23,403.82	-86,952.78	31,433.91
Total comprehensive income for the period	443,357.48	1,057,588.35	639,261.16	456,216.59
Attributable to shareholders of the parent company	442,568.09	1,054,367.49	633,792.47	455,305.84
Attributable to non-controlling interests	789.40	3,220.85	5,468.69	910.75
Earnings per share:				
Basic earnings per share (in RMB per share)	0.74	2.16	1.60	0.99

3. Consolidated statement of cash flows

Unit: RMB'O,000

Items	January to June 2022	2021	2020	2019
Cash flows from operating activities:				
Net cash received from brokerage clients	1,253,000.21	2,278,562.60	2,305,561.02	701,971.47
Interest, fee and commission income received	1,192,829.82	2,661,943.43	2,102,373.28	1,441,309.16
Net increase in placements from financial institutions	–	1,692,001.73	1,047,096.54	1,533,751.98
Net decrease in receivable from margin clients	453,443.75	–	–	–
Net decrease in financial instruments held for trading purpose	2,583,050.70	–	–	–
Net increase in repo transactions	2,724,651.63	–	–	–
Cash inflows associated with other operating activities	628,585.10	5,419,360.80	1,694,036.11	1,456,120.22
Subtotal of cash inflows from operating activities	8,835,561.22	12,051,868.56	7,149,066.95	5,133,152.83
Net increase in receivable from margin clients	–	529,970.98	1,077,777.80	540,237.33
Net increase in financial instruments held for trading purpose	–	4,111,871.48	4,574,636.51	2,752,464.29
Net decrease in repo transactions	–	1,585,500.18	397,144.15	1,867,932.93
Net decrease in placements from financial institutions	654,242.92	–	–	–
Interest, fee and commission expenses paid	255,445.41	463,941.67	414,673.76	305,435.93
Cash paid to and for employees	1,003,014.85	1,076,525.61	772,420.66	638,442.55
Cash paid for taxes	114,407.85	323,751.29	306,469.52	151,603.71
Cash outflows associated with other operating activities	4,411,965.94	765,335.67	1,731,002.22	587,477.51
Subtotal of cash outflows from operating activities	6,439,076.97	8,856,896.88	9,274,124.62	6,843,594.25
Net cash generated from/(used in) operating activities	2,396,484.25	3,194,971.67	-2,125,057.67	-1,710,441.42

Items	January to June 2022	2021	2020	2019
Cash flows from investing activities				
Cash receipts from disposal of investments	7,316,692.74	4,243,240.47	3,906,811.86	4,581,311.91
Cash receipts of investment returns	59,705.74	160,763.04	81,953.46	100,504.73
Cash and cash equivalents from acquisition of a subsidiary	–	23,617.51	–	2,525.17
Net proceeds from disposal of interests in associates and joint ventures	–	1,543.52	–	–
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets	376.29	–	3,157.60	175.22
Subtotal of cash inflows from investing activities	7,376,774.76	4,429,164.55	3,991,922.92	4,684,517.02
Payment for purchase of investments	7,827,411.49	5,055,207.95	4,704,845.45	3,990,238.53
Payment for purchase and construction of fixed assets, intangible assets and other long-term assets	60,831.28	105,841.43	46,025.30	49,042.14
Cash outflows associated with other investing activities	–	1,162.90	46,910.38	–
Subtotal of cash outflows from investing activities	7,888,242.77	5,162,212.28	4,797,781.13	4,039,280.66
Net cash (used in)/generated from investing activities	-511,468.01	-733,047.73	-805,858.21	645,236.36
Cash flows from financing activities				
Proceeds from issuance of beneficiary certificates	3,183,405.41	4,787,231.78	6,339,588.27	6,447,947.34
Proceeds from issuance of corporate bonds	200,000.00	4,500,000.00	5,500,000.00	650,000.00
Proceeds from issuance of medium-term notes	382,062.00	972,705.00	1,130,591.46	673,440.00
Proceeds from issuance of subordinated bonds	200,000.00	700,000.00	350,000.00	950,000.00
Proceeds from issuance of perpetual subordinated bonds	390,000.00	350,000.00	500,000.00	–
Proceeds from issuance of structured notes	128,526.05	223,265.04	1,052,913.22	1,035,073.96
Proceeds from issuance of commercial papers	–	100,000.00	–	–
Proceeds from issuance of financial bonds	–	–	–	250,000.00
Net proceeds from issuance of shares	–	–	1,303,206.15	228,504.40
Investment proceeds received	0.02	–	–	–
Including: Capital contribution from non-controlling interests	0.02	–	–	–
Subtotal of cash inflows from financing activities	4,483,993.48	11,633,201.82	16,176,299.10	10,234,965.70

Items	January to June 2022	2021	2020	2019
Redemption of beneficiary certificates	3,504,763.30	5,567,551.96	5,722,433.96	6,127,312.29
Redemption of commercial papers	100,000.00	–	–	–
Redemption of corporate bonds	300,000.00	977,600.00	1,900,000.00	322,400.00
Redemption of medium-term notes	656,720.00	727,170.24	–	344,940.00
Redemption of structured notes	176,383.21	626,891.41	1,077,342.56	582,295.17
Redemption of subordinated bonds	690,000.00	500,000.00	100,000.00	220,000.00
Redemption of asset-backed securities	–	–	190,000.00	–
Redemption of perpetual subordinated bonds	–	–	100,000.00	–
Repayment of lease liabilities	36,722.25	69,473.80	55,408.53	53,200.41
Cash paid for dividends or interests Including: cash paid for dividends and profit distribution by subsidiaries to non-controlling interests	332,972.80	607,307.37	419,383.62	413,512.40
	6,394.74	–	1,543.10	–
Cash outflows associated with other financing activities	5,312.55	4,717.26	12,928.06	3,618.29
Subtotal of cash outflows from financing activities	5,802,874.11	9,080,712.04	9,577,496.73	8,067,278.57
Net cash (used in)/generated from financing activities	-1,318,880.64	2,552,489.78	6,598,802.37	2,167,687.13
Effect of exchange rate changes on cash and cash equivalents	36,151.71	-153,130.87	-62,591.30	67,120.51
Net increase in cash and cash equivalents	602,287.31	4,861,282.85	3,605,295.18	1,169,602.58
Add: cash and cash equivalents at the beginning of the period/year	15,621,430.59	10,760,147.74	7,154,852.56	5,985,249.98
Cash and cash equivalents at the end of the period/year	16,223,717.91	15,621,430.59	10,760,147.74	7,154,852.56

(II) Financial Statements of the Parent Company

1. Balance sheet of the parent company

Unit: RMB'0,000

Items	June 30, 2022	December 31, 2021	December 31, 2020	December 31, 2019
ASSETS				
Cash and bank balances	5,230,280.86	4,048,635.34	3,509,108.94	2,016,418.27
Including: cash held on behalf of clients	1,333,329.24	1,460,095.54	1,866,083.12	1,299,919.83
Deposits with clearing houses	824,383.74	811,604.36	386,129.76	460,729.60
Including: deposits held on behalf of clients	366,402.04	370,795.44	210,507.69	212,239.87
Receivable from margin clients	245,072.82	300,182.23	533,330.33	276,671.43
Derivative financial assets	1,414,849.64	1,234,835.12	1,473,781.27	318,224.77
Refundable deposits	123,363.99	118,410.50	181,591.94	169,926.64
Accounts receivable	2,732,245.49	3,807,424.94	3,141,204.53	980,519.32
Reverse REPOs	3,360,066.28	2,137,021.79	1,358,168.02	1,049,806.15
Financial investments:				
Financial assets held for trading	15,429,237.10	14,814,475.74	12,608,614.94	7,348,788.17
Other debt investments	2,882,076.36	2,551,524.16	2,458,874.70	2,006,733.47
Long-term equity investments	2,793,047.74	2,746,030.12	2,544,233.37	2,305,161.70
Fixed assets	50,426.47	48,092.94	36,067.41	34,006.93
Right-of-use assets	48,074.81	55,856.39	45,227.65	61,282.98
Intangible assets	27,138.76	22,408.71	12,485.45	10,139.46
Deferred tax assets	99,613.99	102,751.82	122,071.62	62,195.66
Other assets	333,853.60	236,888.03	198,529.11	150,767.59
Total assets	35,593,731.65	33,036,142.19	28,609,419.06	17,251,372.14
LIABILITIES				
Short-term debt securities issued	642,016.72	951,857.62	1,499,273.52	1,010,670.80
Placements from financial institutions	2,972,359.62	3,120,398.57	2,253,798.72	1,330,579.77
Financial liabilities held for trading	1,017,389.90	53,050.23	131,783.83	210,727.03
Derivative financial liabilities	1,227,870.87	1,413,373.68	1,640,724.85	375,409.01
REPOs	3,470,386.25	427,189.79	1,282,557.08	915,554.81
Accounts payable to brokerage clients	1,674,955.09	1,120,585.42	2,074,501.78	1,071,600.89
Accounts payable to underwriting clients	38,605.50	730,431.09	–	447,748.20
Employee benefits payable	436,374.76	715,537.69	539,595.64	321,035.49
Taxes payable	22,148.63	23,933.99	84,470.02	71,754.23
Accounts payable	7,723,050.96	8,500,099.16	5,326,848.51	2,785,854.90
Contract liabilities	14,305.31	11,742.15	8,549.33	6,604.92
Lease liabilities	50,351.39	57,692.16	47,938.65	63,315.02
Long-term debt securities issued	8,814,460.83	9,119,238.54	7,610,972.93	4,503,383.38
Other liabilities	315,785.00	125,351.49	76,401.24	48,598.80
Total liabilities	28,420,060.81	26,370,481.57	22,577,416.08	13,162,837.24

APPENDIX II

PLAN ON PUBLIC ISSUANCE OF SECURITIES BY
WAY OF RIGHTS ISSUE IN 2022 OF THE COMPANY

Items	June 30, 2022	December 31, 2021	December 31, 2020	December 31, 2019
EQUITY				
Share capital	482,725.69	482,725.69	482,725.69	436,866.79
Other equity instruments	1,240,000.00	850,000.00	500,000.00	100,000.00
Including: perpetual subordinated bonds	1,240,000.00	850,000.00	500,000.00	100,000.00
Capital reserve	4,169,829.20	4,169,829.20	4,169,967.85	2,912,620.60
Other comprehensive income	8,061.60	10,682.62	-1,751.97	11,304.10
Surplus reserve	139,244.88	139,244.88	99,557.65	73,655.85
General reserves	392,295.63	391,980.45	311,897.81	259,438.78
Retained profits	741,513.84	621,197.78	469,605.96	294,648.79
Total equity	7,173,670.84	6,665,660.62	6,032,002.98	4,088,534.90
Total liabilities and equity	35,593,731.65	33,036,142.19	28,609,419.06	17,251,372.14

2. *Income statement of the parent company**Unit: RMB'0,000*

Items	January to June 2022	2021	2020	2019
Operating income	769,218.95	1,497,254.43	1,125,850.73	811,425.01
Net fee and commission income	405,368.62	906,988.71	729,051.59	498,677.48
Including: net income from brokerage business	107,564.31	262,029.17	173,837.58	117,634.98
net income from investment banking business	222,066.02	454,044.36	408,701.35	283,795.95
net income from asset management business	47,310.17	128,409.44	108,420.64	69,629.96
Net interest expenses	-94,647.92	-198,743.76	-140,870.18	-138,310.53
Including: interest income	156,355.25	300,275.66	222,950.21	183,411.80
interest expenses	-251,003.18	-499,019.43	-363,820.39	-321,722.33
Investment income	57,721.84	612,364.39	588,495.76	554,418.45
Including: share of (losses)/profits of associates and joint ventures	-2,982.38	-3,114.60	-2,128.34	1,790.68
Other income	5,158.17	8,227.70	6,544.44	4,089.15
Gains/(losses) arising from changes in fair value	375,561.02	167,078.29	-54,211.57	-110,269.32
Foreign exchange gains/(losses)	19,878.35	968.48	-3,081.88	2,796.20
Other operating revenue	52.59	124.53	10.09	23.58
Gains/(losses) on disposal of assets	126.28	246.10	-87.51	-
Operating expenses	448,349.28	1,079,049.80	845,585.86	575,512.91

Items	January to June 2022	2021	2020	2019
Tax and surcharges	2,887.34	7,739.76	6,566.21	5,138.57
Operating and administrative expenses (Reversal of)/provision for impairment losses under expected credit loss model	447,360.04	1,082,710.59	801,071.97	558,521.29
Operating profit	320,869.67	418,204.63	280,264.88	235,912.10
Add: non-operating revenue	410.73	4,063.90	127.71	393.50
Less: non-operating expenses	1,673.59	4,322.91	1,287.23	26,004.00
Profit before income tax	319,606.80	417,945.62	279,105.36	210,301.60
Less: income tax expense	1,497.86	21,073.30	20,087.36	6,238.80
Profit for the period	318,108.94	396,872.32	259,018.00	204,062.80
Classified by operation continuity:				
Profit from continuing operations	318,108.94	396,872.32	259,018.00	204,062.80
Other comprehensive income to be reclassified to profit or loss:				
– Changes in fair value of other debt investments	-2,815.19	12,324.34	-12,986.08	4,998.66
– Changes in allowance for credit losses on other debt investments	194.16	110.25	-69.99	-57.09
Other comprehensive income for the period, net of tax	-2,621.03	12,434.59	-13,056.07	4,941.57
Total comprehensive income for the period	315,487.92	409,306.91	245,961.93	209,004.37

3. Statement of cash flows of the parent company

Unit: RMB'0,000

Items	January to June 2022	2021	2020	2019
Cash flows from operating activities:				
Net cash received from brokerage clients	554,383.09	–	1,002,656.08	–
Net decrease in receivable from margin clients	55,048.48	227,694.79	–	–
Net decrease in financial instruments held for trading purpose	334,636.44	12,881.15	–	–
Interest, fee and commission income received	581,627.82	1,274,104.52	972,601.80	655,015.35
Net increase in placements from financial institutions	–	862,507.08	925,582.28	517,303.10
Net increase in repo transactions	1,818,035.43	–	58,632.53	–
Cash inflows associated with other operating activities	244,022.57	1,725,061.32	626,102.92	1,141,788.67

APPENDIX II
**PLAN ON PUBLIC ISSUANCE OF SECURITIES BY
WAY OF RIGHTS ISSUE IN 2022 OF THE COMPANY**

Items	January to June 2022	2021	2020	2019
Subtotal of cash inflows from operating activities	3,587,753.82	4,102,248.86	3,585,575.61	2,314,107.12
Net cash paid to brokerage clients	–	434,584.66	–	48,699.92
Net increase in receivable from margin clients	–	–	257,626.90	77,519.64
Net increase in financial instruments held for trading purpose	–	–	4,968,727.88	223,851.23
Net decrease in repo transactions	–	1,629,372.71	–	2,301,647.29
Net decrease in placements from financial institutions	146,003.45	–	–	–
Interest, fee and commission expenses paid	125,868.27	201,530.36	185,116.50	156,367.18
Cash paid to and for employees	600,520.07	631,770.22	424,103.88	334,338.80
Cash paid for taxes	29,279.25	129,399.22	116,912.07	62,950.01
Cash outflows associated with other operating activities	815,762.28	270,405.03	604,978.03	288,441.24
Subtotal of cash outflows from operating activities	1,717,433.33	3,297,062.20	6,557,465.27	3,493,815.30
Net cash generated from/(used in) operating activities	1,870,320.49	805,186.66	-2,971,889.66	-1,179,708.18
Cash flows from investing activities				
Cash receipts from disposal of investments	6,184,220.93	2,430,123.86	1,976,503.38	3,536,047.13
Cash receipts of investment returns	163,329.89	236,620.59	86,999.53	143,969.04
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets	330.76	–	38.25	8.15
Subtotal of cash inflows from investing activities	6,347,881.58	2,666,744.45	2,063,541.16	3,680,024.32
Payment for purchase of investments	6,569,372.30	2,740,686.88	2,641,715.30	2,964,018.18
Payment for purchase and construction of fixed assets, intangible assets and other long-term assets	33,625.24	60,363.60	27,070.52	26,719.38
Cash outflows associated with other investing activities	–	527,839.63	–	–
Subtotal of cash outflows from investing activities	6,602,997.54	3,328,890.10	2,668,785.82	2,990,737.57
Net cash (used in)/generated from investing activities	-255,115.96	-662,145.65	-605,244.65	689,286.76

Items	January to June 2022	2021	2020	2019
Cash flows from financing activities				
Proceeds from issuance of corporate bonds	–	2,700,000.00	4,300,000.00	150,000.00
Proceeds from issuance of beneficiary certificates	1,196,510.61	1,776,722.68	4,574,782.47	4,137,826.34
Proceeds from issuance of perpetual subordinated bonds	390,000.00	350,000.00	500,000.00	–
Proceeds from issuance of subordinated bonds	–	200,000.00	150,000.00	650,000.00
Proceeds from issuance of commercial papers	–	100,000.00	–	–
Proceeds from issuance of financial bonds	–	–	–	250,000.00
Net proceeds from issuance of shares	–	–	1,303,206.15	225,760.35
Subtotal of cash inflows from financing activities	1,586,510.61	5,126,722.68	10,827,988.62	5,413,586.69
Redemption of beneficiary certificates	1,406,690.20	2,595,631.56	4,036,559.96	3,856,736.29
Redemption of corporate bonds	100,000.00	777,600.00	1,400,000.00	322,400.00
Redemption of commercial papers	100,000.00	–	–	–
Redemption of subordinated bonds	210,000.00	490,000.00	–	–
Redemption of perpetual subordinated bonds	–	–	100,000.00	–
Repayment of lease liabilities	17,696.92	32,029.54	27,155.08	23,860.58
Cash paid for dividends or interests	178,226.80	417,009.59	237,632.49	262,302.70
Cash outflows associated with other financing activities	5,226.94	4,616.65	5,765.50	2,718.78
Subtotal of cash outflows from financing activities	2,017,840.86	4,316,887.34	5,807,113.03	4,468,018.35
Net cash (used in)/generated from financing activities	-431,330.25	809,835.34	5,020,875.59	945,568.34
Effect of exchange rate changes on cash and cash equivalents	11,195.17	-13,133.99	8,345.18	2,796.20
Net increase in cash and cash equivalents	1,195,069.44	939,742.36	1,452,086.45	457,943.12
Add: cash and cash equivalents at the beginning of the period/year	4,805,946.86	3,866,204.50	2,414,118.05	1,956,174.92
Cash and cash equivalents at the end of the period/year	6,001,016.31	4,805,946.86	3,866,204.50	2,414,118.05

(III) Management Discussion and Analysis

Unless otherwise stated, the financial information and the financial indicators in this chapter are quoted from or calculated based on the consolidated financial statements of the Company.

1. Major financial indicators of the Company during the Reporting Period

Items	January to June 2022 ^{note}	2021	2020	2019
Basic earnings per share (RMB/share)	0.74	2.16	1.60	0.99
Basic earnings per share, excluding extraordinary items (RMB/share)	0.73	2.13	1.53	0.97
Diluted earnings per share (RMB/share)	N/A	N/A	N/A	N/A
Diluted earnings per share, excluding extraordinary items (RMB/share)	N/A	N/A	N/A	N/A
Weighted average return on net assets (%)	4.59	14.64	13.52	9.64
Weighted average return on net assets, excluding extraordinary items (%)	4.49	14.48	13.00	9.46

Note: Data for January-June 2022 are not annualised.

2. Abstract of the financial position of the Company*(1) Analysis on composition of assets*

As of the end of each Reporting Period, the composition of assets of the Company is as follows:

Unit: RMB'0,000, except for percentages

Items	June 30, 2022		December 31, 2021		December 31, 2020		December 31, 2019	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
ASSETS								
Cash and bank balances	14,291,763.73	21.02%	13,510,605.82	20.79%	9,581,661.20	18.37%	6,145,393.45	17.81%
Including: cash held on behalf of clients	8,060,070.77	11.85%	7,534,210.91	11.59%	5,166,573.97	9.90%	4,096,038.78	11.87%
Deposits with clearing houses	2,051,993.97	3.02%	2,207,442.70	3.40%	1,229,517.52	2.36%	1,096,379.41	3.18%
Including: deposits held on behalf of clients	1,386,485.60	2.04%	1,569,528.13	2.42%	928,497.64	1.78%	749,841.21	2.17%
Receivable from margin clients	3,514,775.23	5.17%	3,947,905.67	6.08%	3,388,481.33	6.50%	2,318,995.09	6.72%
Derivative financial assets	1,903,446.06	2.80%	1,456,422.87	2.24%	1,231,126.38	2.36%	450,220.43	1.31%
Refundable deposits	1,206,360.11	1.77%	1,263,191.28	1.94%	1,176,832.39	2.26%	650,209.39	1.88%
Accounts receivable	5,597,400.71	8.23%	4,574,288.06	7.04%	4,349,377.47	8.34%	1,787,655.94	5.18%
Reverse REPOs	3,850,975.29	5.66%	2,585,849.41	3.98%	1,843,069.71	3.53%	1,429,893.69	4.14%
Financial investments:								
Financial assets held for trading	29,668,646.22	43.63%	30,117,421.51	46.35%	24,760,569.76	47.47%	16,819,189.41	48.76%
Other debt investments	4,795,574.81	7.05%	4,300,996.97	6.62%	3,721,218.75	7.13%	2,898,582.33	8.40%
Long-term equity investments	109,290.42	0.16%	108,693.56	0.17%	118,885.29	0.23%	116,847.67	0.34%
Fixed assets	72,570.16	0.11%	68,047.31	0.10%	51,519.87	0.10%	51,178.83	0.15%
Construction in progress	25,587.67	0.04%	18,943.69	0.03%	3,733.73	0.01%	651.41	0.00%
Right-of-use assets	199,525.08	0.29%	194,581.61	0.30%	118,981.52	0.23%	148,886.11	0.43%
Intangible assets	154,073.31	0.23%	147,828.95	0.23%	138,661.43	0.27%	139,792.59	0.41%
Goodwill	162,266.33	0.24%	162,266.33	0.25%	158,267.86	0.30%	158,267.86	0.46%
Deferred tax assets	172,864.26	0.25%	162,863.94	0.25%	178,761.44	0.34%	108,994.57	0.32%
Other assets	222,323.43	0.33%	152,199.26	0.23%	111,384.30	0.21%	175,986.11	0.51%
Total assets	67,999,436.76	100.00%	64,979,548.92	100.00%	52,162,049.96	100.00%	34,497,124.29	100.00%

As of the end of each Reporting Period, the Company's assets mainly consisted of cash and bank balances, deposits with clearing houses, receivable from margin clients, accounts receivable, reverse REPOs and financial investments (including financial assets held for trading and other debt investments). As of December 31, 2019, December 31, 2020, December 31, 2021 and June 30, 2022, the aforementioned assets together accounted for 94.20%, 93.70%, 94.25% and 93.78% of the total assets, respectively. The long-term assets of the Company such as long-term equity investments, fixed assets, intangible assets and right-of-use assets accounted for a relatively low proportion of the Company's total assets. The Company has a reasonable asset structure and relatively low liquidity risk.

The Company's assets consisted of client assets and self-owned assets. Client assets mainly included cash and deposits held on behalf of clients. As of December 31, 2019, December 31, 2020, December 31, 2021 and June 30, 2022, cash and deposits held on behalf of clients totaled RMB48,458.80 million, RMB60,950.72 million, RMB91,037.39 million and RMB94,465.56 million respectively, accounting for 14.05%, 11.68%, 14.01% and 13.89% of the total assets, respectively.

As of December 31, 2020, the total assets of the Company increased by RMB176,649.26 million or 51.21% year on year, primarily due to an increase in scale of the financial investments and derivative financial assets of the Company as a result of changes in business needs, in client demands and in market conditions. The Company also had a growth in assets such as cash and bank balances, deposits with clearing houses and accounts receivable. The growth of the total assets was also attributable to an increase in the Company's receivable from margin clients resulting from a rise in financing demands of clients.

As of December 31, 2021, the total assets of the Company increased by RMB128,174.99 million or 24.57% year on year, mainly due to an increase in scale of the financial investments of the Company under the changes in business needs, in client demands and in market conditions. The growth in total assets was also attributable to increases in cash and bank balances and in deposits with clearing houses, a growth in reverse REPOs with the enlarged scale of the reverse repurchase business, as well as an increase in receivable from margin clients with a rise in the financing demands of clients.

As of June 30, 2022, the total assets of the Company increased by RMB30,198.88 million or 4.65% from the end of the previous year. The increase was primarily resulted from a growth of reverse REPOs under an enlarged scale of reverse repurchase business and increases in cash and bank balances and accounts receivable.

(2) Analysis of composition of liabilities

As of the end of each Reporting Period, the composition of liabilities of the Company is as follows:

Unit: RMB'0,000, except for percentages

Items	June 30, 2022		December 31, 2021		December 31, 2020		December 31, 2019	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
LIABILITIES								
Short-term debt securities issued	1,844,594.24	3.13%	2,298,985.75	4.07%	2,649,257.05	5.89%	2,124,033.49	7.17%
Placements from financial institutions	4,491,225.60	7.63%	5,147,727.87	9.11%	3,451,641.47	7.67%	2,408,238.21	8.12%
Financial liabilities held for trading	4,254,356.61	7.22%	3,892,678.67	6.89%	4,289,154.93	9.54%	2,657,031.89	8.96%
Derivative financial liabilities	1,295,778.75	2.20%	1,813,400.75	3.21%	2,468,253.46	5.49%	636,219.20	2.15%
REPOs	5,628,604.77	9.56%	1,637,607.10	2.90%	2,510,108.38	5.58%	2,470,825.72	8.34%
Accounts payable to brokerage clients	10,597,516.27	18.00%	9,344,516.53	16.54%	7,065,518.05	15.71%	4,833,787.22	16.31%
Accounts payable to underwriting clients	38,605.50	0.07%	730,431.09	1.29%	–	–	447,748.20	1.51%
Employee benefits payable	655,828.13	1.11%	1,116,886.51	1.98%	858,696.44	1.91%	547,991.18	1.85%
Taxes payable	153,681.11	0.26%	159,716.96	0.28%	182,434.15	0.41%	154,915.03	0.52%
Accounts payable	13,595,671.47	23.09%	13,490,886.34	23.87%	7,927,485.07	17.62%	4,401,564.34	14.85%
Contract liabilities	53,015.12	0.09%	41,295.09	0.07%	17,092.83	0.04%	33,948.94	0.11%
Lease liabilities	208,230.36	0.35%	200,289.54	0.35%	120,485.93	0.27%	145,999.45	0.49%
Long-term debt securities issued	15,299,719.87	25.98%	16,050,854.98	28.41%	12,800,096.09	28.46%	7,939,135.44	26.78%
Deferred tax liabilities	54,582.45	0.09%	43,165.52	0.08%	50,666.77	0.11%	36,138.92	0.12%
Other liabilities	719,063.08	1.22%	538,022.59	0.95%	589,646.06	1.31%	806,393.52	2.72%
Total liabilities	58,890,473.33	100.00%	56,506,465.28	100.00%	44,980,536.66	100.00%	29,643,970.75	100.00%

As of the end of each Reporting Period, the Company's liabilities mainly consisted of short-term debt securities issued, placements from financial institutions, financial liabilities held for trading, REPOs, accounts payable to brokerage clients, accounts payable and long-term debt securities issued. As of December 31, 2019, 2020 and 2021 and June 30, 2022, the aforementioned liabilities together accounted for 90.52%, 90.47%, 91.78% and 94.60% of total liabilities, respectively.

As of December 31, 2019, 2020 and 2021 and June 30, 2022, the Company's accounts payable to brokerage clients and to underwriting clients totaled RMB52,815.35 million, RMB70,655.18 million, RMB100,749.48 million and RMB106,361.22 million, respectively, accounting for 17.82%, 15.71%, 17.83% and 18.06% of total liabilities, respectively. As of the end of each Reporting Period, the Company's total liabilities after deducting the accounts payable to brokerage clients and to underwriting clients amounted to RMB243,624.35 million, RMB379,150.19 million, RMB464,315.18 million and RMB482,543.52 million, respectively.

As of December 31, 2020 and 2021, the total liabilities of the Company after deducting the accounts payable to brokerage clients and to underwriting clients increased by RMB135,525.83 million or 55.63% and RMB85,164.99 million or 22.46%, year on year respectively, mainly due to an expansion of financing scale by the Company through various channels including issuing medium-term and long-term debt securities and rising placements from banks in order to support the development of the Company's balance sheet business. The increase of the total liabilities of the Company was also attributable to a growth in trade payable for derivative transactions as a result of an increase in scale of the Company's over-the-counter derivatives business based on client needs. As of June 30, 2022, the total liabilities of the Company increased by RMB18,228.34 million or 3.93% as compared with that as of the end of the previous year, mainly due to an increase in REPOs as a result of an expanded scale of securities-pledged repurchase business.

3. Analysis of profitability

Unit: RMB'0,000

Item	January to			
	2022	2021	2020	2019
Operating revenue	1,213,158.56	3,013,105.42	2,365,952.53	1,575,527.46
Operating expenses	759,389.55	1,715,393.66	1,491,229.22	1,018,611.46
Operating profit	453,769.01	1,297,711.76	874,723.31	556,916.00
Total profit	451,840.75	1,297,811.29	871,268.23	530,163.17
Profit for the period	384,953.44	1,080,992.17	726,213.94	424,782.68
Profit attributable to shareholders of the parent company	384,164.04	1,077,771.31	720,745.25	423,871.93

For 2019, 2020, 2021 and for the six months ended June 30, 2022, the Company realized an operating revenue of RMB15,755.27 million, RMB23,659.53 million, RMB30,131.05 million and RMB12,131.59 million, respectively; its profit attributable to shareholders of the parent company amounted to RMB4,238.72 million, RMB7,207.45 million, RMB10,777.71 million and RMB3,841.64 million, respectively. During the Reporting Period, the main generators of the Company's operating revenue and operating profit included investment banking business, equities business, FICC (fixed income, commodities and currencies) business, asset management business, private equity business and wealth management business. From 2019 to 2021, the Company proactively captured market opportunities, continued to explore business opportunities, and achieved a steady growth of operating results.

IV. Use of Proceeds Raised from the Rights Issue

The total proceeds raised from the Rights Issue are expected to be no more than RMB27 billion (the specific size depends on the market conditions at the time of issuance). The net proceeds, after deduction of relevant issuance expenses, are proposed to be used for replenishing the capital for supporting various business developments and replenishing other working capital. The details are as follows:

No.	Use of Proceeds	Amount
1	Supporting the capital needs for business development	No more than RMB24 billion
2	Replenishing other working capital	No more than RMB3 billion
	Total	No more than RMB27 billion

If the net proceeds raised from the Rights Issue are less than the proceeds proposed to be invested, the shortfall will be made up by the Company. Without any changes in the use of the proceeds, the board of directors of the Company or its authorized person(s) may make appropriate adjustments to the specific investment and utilization plan, the sequence and amount of investment of the proceeds in the above projects according to the actual needs of projects. From the date of approval at the board meeting of the Company convened to consider the Rights Issue Plan resolution to the date on which the proceeds are available for use, the Company will first invest the self-raised funds in relevant projects according to the operating conditions and development plans, and will replace the self-raised funds with the proceeds of the Rights Issue as and when available in accordance with the relevant procedures required under relevant laws and regulations.

The specific use of proceeds from the Rights Issue is as follows:

(I) Supporting the Capital Needs for Business Development

The proceeds amounting to no more than RMB24 billion are proposed to be used for supporting the capital needs for business development, enhancing the Company's capital strength to provide customers with integrated services by balance sheets resources. Guided by this overall strategy, the Company will uniformly manage and allocate its

capital considering the business development plans of all business lines. The proceeds will be mainly used for, including but not limited to, replenishing the capital for supporting the development of the following businesses:

1. Capital services and products businesses

Based on capital strength, transaction pricing and product design capabilities, the Company provides customers with a variety of equity and FICC capital services and innovative products businesses such as prime brokerage, market-making transactions, credit transactions, financing services, derivatives trading and cross-border transactions, aiming at meeting customers' diversified and customized needs for investment and financing, asset allocation and risk management. The capital services and product businesses are the important carriers for the Company to provide customers with integrated services by using balance sheets, as well as the important business growth point for the Company.

The Company will continue to strengthen the construction of equity capital services and product businesses system to build an equities business platform providing one-stop cross-border services. Being a core market maker in derivatives trading, the Company will deepen product innovation in order to meet the diversified financial service needs of a variety of institutional customers. The Company will consolidate the market leading position in market interconnection businesses, promote overseas platform expansion and enhance international competitiveness. The Company will continue to improve cross-border and cross-market investment allocation services and business scope, enrich product and customer structure, and strengthen primary and secondary markets and cross-border capital linkage. The Company will continue to improve business systems, operational management efficiency and customer experience, strengthen risk management capabilities, accelerate the digitalization process, and achieve technological empowerment.

The Company will further improve the FICC capital services and product businesses system covering interest rate, credit, structuring, foreign exchange and commodities, and enhance comprehensive service capabilities for customers; strengthen capabilities in market-making transactions and creating customized products, promote product innovation, improve the ability to serve the real economy, and expand the layout of diversified product lines; enhance cross-border business capabilities, promote the construction of cross-border product design and customer service platform, strengthen international customers coverage and transaction service capabilities; accelerate digital transformation, explore financial technology innovation, strengthen risk control capabilities and operational system construction, and build a fully agile FICC platform integrated with advanced business and technology.

2. Investment banking business

The Company will continue to leverage on its comprehensive advantages, increase resources investment in investment banking business, implement regional deployment, promote international development, increase the breadth and depth of customer coverage, and increase market share. In terms of equity financing business, the Company will continue to promote the in-depth development in emerging industries, key regions and international distribution, support the construction of multi-level capital market and direct financing system, and deeply serve the financing needs of technological innovation, industrial upgrading and green development enterprises; in terms of debt and structured financing business, the Company will continuously increase the underwriting scale of primary issuance, consolidate its leading position in publicly offered infrastructure REITs business, actively deploy multiple cross-border products, and seek for market opportunities relying on innovative products. The investment banking business has a greater demand for capital in business areas such as co-investments as sponsor on STAR Market, bond issuance and asset securitization, standby equity and debt underwritings, M&A loans, institution loans and debt restructuring.

3. Wealth management business

The Company will continue to promote the steady development of wealth management capital services, expand the scale of traditional businesses such as margin financing and securities lending and other new capital intermediary business, enrich investors' trading tools, and improve market liquidity; enhance core customer stickiness through capital services, while strengthening product allocation business and investment advisory team building, provide customized solutions of "wealth planning & asset allocation" based on customer needs, enhance the customer base and asset accumulation of the wealth management platform through high-quality products and one-stop comprehensive services, as well as digital means such as financial technology, and accelerate the transformation and upgrading of the buyers' investment and consultation model.

4. Private equity business

The Company will continue to promote its private equity investment business with focus on fields that back up the high-quality development of the economy. The Company will support the development of new funds and new businesses, grasp high-quality equity investment opportunities, and consolidate the Company's leading position in the area of private equity investment by increasing its own capital investment. The Company will continue to build comprehensive and multi-level equity investment capabilities, continue to expand the scale of funds under management and industry influence, deepen the business layout in key regions

and strategic emerging industries; actively support industrial restructuring, regional development and growth of new economy; improve the layout of diversified product lines, expand the advantage in growth-stage investment funds, FoFs and other fields, and accelerate the development of key businesses such as USD funds, buyout funds and venture capital funds; promote the digitalization and standardization of business processes and enhance digital service capabilities.

5. *Asset management business*

The Company is preparing to establish a wholly-owned asset management subsidiary, which will take over the Company's securities asset management business after its establishment. The Company will provide capital support for the asset management business in accordance with relevant regulatory requirements and the needs of business sustainable development, and continue to improve the comprehensive customer service capability; strengthen the construction of investment and research capabilities, improve active management capabilities, promote the development of innovative products, and enrich the layout of product lines; expand the customer coverage base and deepen the expansion of retail and overseas channels; accelerate the transformation of financial technology, improve the risk management system, and build an industry-leading asset management platform.

(II) Replenishing Other Working Capital

No more than RMB3 billion of the proceeds raised from the Rights Issue is intended to be used to replenish other working capital. The Company will closely monitor the changes in regulatory policies and market conditions, reasonably allocate the proceeds raised from the Rights Issue after taking into consideration the development strategies and actual operating conditions, and promptly replenish the working capital needs in the process of business development of the Company, so as to ensure the orderly development of various businesses.

V. Necessity and Rationality of the Rights Issue

(I) Analysis of the Necessity of the Rights Issue

1. *Aligning with the national strategies and seizing the development opportunities of the capital market and securities industry*

Against the backdrop of the deepening of the reform and development of the capital market, the multi-layered market system has been continuously improved, the financial system has accelerated its evolution towards direct financing, and the two-way opening of the market has been upgraded to a higher level. The adaptability and support of the capital market to the real economy has been continuously enhanced, and the breadth and depth of serving the real

economy have been expanded significantly. In this context, the state encourages and guides securities companies to further replenish capital, enrich services functions, optimize incentive and restraint mechanisms, increase investments in technology and innovation, improve internationalization initiatives, strengthen compliance risk management and control, and proactively develop aircraft-carrier-class securities companies. Therefore, the transformation and development of securities companies has entered the fast lane.

The Company will actively align with national strategies, continuously consolidate its own capital strength and provide greater support for the real economy through capital utilization and business innovation. The Company will consolidate and give full play to the advantages of cross-border comprehensive financial services, accelerate integration into and promote the new development pattern of “dual circulation”. In addition, the Company will accelerate the transformation of wealth management and asset management business, and promote the diversification of asset allocation of residents based on multi-level capital markets, so as to seize the strategic opportunities from capital market reform and the development of the securities industry.

2. Enhancing core competitiveness and actively participating in international market competition

At present, the two-way opening of the financial industry continues to accelerate. In the face of competition from foreign financial institutions and cross-disciplinary institutions, local leading securities companies need to accelerate the pace of internationalization, actively participate in the international market. Local leading securities companies also need to increase digital transformation efforts, optimize their business models and improve their operational efficiency. Meanwhile, the deepening of capital market reform and the regulatory policy of supporting the superior and limiting the inferior promotes securities companies to accelerate differentiated development. The trends such as the continuous advancement of the registration system reform, the acceleration of the integration of institutional services, the transformation of the wealth management business, and the active development of the asset management business are accelerating the concentration of the securities industry. The leading securities companies with strong capital strength and outstanding synergies across the value chain will further strengthen competitive advantages.

The Issue will enhance the Company’s capital strength, narrow the capital gap with other domestic leading securities companies and international investment banks, accelerate the scalable development of the Company, expand domestic and overseas market networks and business layout and enable the Company to increase its capital investment to serve the comprehensive cross-border business needs of global customers. The Issue will consolidate and enhance the Company’s core competitiveness in aspects including specialized services, international businesses and digital transformation.

3. *Accelerating business development, optimizing business layout, and laying the foundation for long-term development*

As the securities industry is a capital-intensive industry, the business development and comprehensive service capabilities of securities companies are closely related to the scale of capital. Sufficient capital base will provide strong support for a securities company to expand its business scale, increase its business scope, optimize its profit model and establish its customer-focused business structure and professional service capabilities.

The Issue will further expand the Company's business development potential, promote the Company's capabilities to consolidate its existing advantages, expand business scales and accelerate the enhancement of emerging business. First, the proceeds raised from the Issue can support the innovation and expansion of capital businesses, as well as facilitate the Company to better use the balance sheet to provide customers with comprehensive services. Second, the Issue enables the Company to consolidate and expand the scale of its traditional advantageous businesses, enhance its business undertaking capabilities, and accelerate the development of emerging businesses. Third, the proceeds raised from the Issue can help the Company to further strengthen its investments in terms of Fin-tech and internationalization, to seize strategic M&A opportunities when appropriate, to accelerate digital development and transformation, and to enhance international market competitiveness and influence. The Issue will help the Company enhance the comprehensive service capabilities of the entire value chain, and achieve a balanced business strategic planning and a diversified income structure, laying a solid foundation for the long-term sustainable development of the Company.

4. *Continuously meeting the regulatory requirements for net capital and improving the risk resistance capabilities*

At present, China's securities regulatory commission implements the management of risk control indicators which focus on net capital and liquidity for securities companies. Capital strength represents the core competitiveness of securities companies and constitutes an important basis for resisting risk and achieving stable development. In accordance with the *Tentative Provisions for the Examination and Approval of the Business Scope of Securities Companies* (《證券公司業務範圍審批暫行規定》) promulgated by the CSRC in October 2008, when expanding the business scope, securities companies shall satisfy the prudential requirements, and "in the past one year, all risk control indicators shall be in continuous compliance with the standards, and after expansion of business scope, the net capital shall be in compliance with the standard". The *Decision on Amending the Administrative Measures for Risk Control Indicators of Securities Companies* (《關於修改〈證券公司風險控制指標管理辦法〉的決定》) revised and promulgated by the CSRC in June 2016 adjusted the calculation methods of net capital and risk capital reserves, adding the regulatory standard that the capital leverage ratio should not be lower than 8%, and clarifying the regulatory indicator requirements for specific business lines. In 2020, the Company was included in the scope of the first batch of consolidated regulatory pilot by the CSRC, which led to higher requirements for the Company's risk management capabilities.

In recent years, the Company has been in compliance with regulatory standards continuously in terms of major risk control indicators. However, as the Company has continuously developed and expanded new businesses and new products, the scale of domestic and overseas balance sheet business has continued to expand, and the pressure on major regulatory indicators such as capital leverage ratios has increased, resulting in higher demands for the scale of net capital and net assets. The Issue is in line with the Company's business development strategies, helping to ensure that the Company will continue to meet regulatory requirements for net capital, further improve the Company's ability to resist risks, and provide effective safeguard for the Company to expand its business scale and accelerate its business development.

(II) Rationality Analysis of the Rights Issue

1. *The Issue is in compliance with the requirements under the relevant laws, regulations and prescriptive documents*

Through the comprehensive governance and regulation, the Company has adopted a series of effective measures to strengthen its internal control. The Company currently has a well-established corporate governance structure, an effective and a sound internal control system and a risk monitoring system on a real-time basis, equipping the Company with relatively strong risk control capability and guaranteeing a strong safeguard for the continuous profitability of the Company in the future. Meanwhile, the Company has sound asset quality and financial conditions as well as sustainable profitability, which is in compliance with the provisions in relation to rights issue by listed companies as prescribed in laws, regulations and prescriptive documents such as the *Company Law of the People's Republic of China* (《中華人民共和國公司法》), the *Securities Law of the People's Republic of China* (《中華人民共和國證券法》), the *Administrative Measures for the Issuance of Securities by Listed Companies* (《上市公司證券發行管理辦法》), the *Q&A on Issuance Regulation – Regulatory Requirements on Guiding and Regulating the Financing Behaviors of Listed Companies (Revised)* (《發行監管問答—關於引導規範上市公司融資行為的監管要求(修訂版)》) and the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (《香港聯合交易所有限公司證券上市規則》) and meets the conditions for rights issue.

2. *The Issue is in line with the directions of the national and industrial policies*

In May 2014, the State Council promulgated the *Several Opinions on Further Promoting the Healthy Development of Capital Market* (《關於進一步促進資本市場健康發展的若干意見》), proposing to encourage the securities business institutions to implement differentiated, professional and characteristic development and promote the formation of several modern investment banks with international competitiveness, brand influence and systemic importance.

In May 2014, the CSRC promulgated the *Opinions on Further Promoting the Innovative Development of Securities Operation Institutions* (《關於進一步推進證券經營機構創新發展的意見》), raising 15 opinions on further promoting the innovative development of securities business institutions in terms of, among others, broadening financing channels and supporting the equity and debt financing of securities business institutions.

In September 2014, the CSRC promulgated the *Notice on Encouraging Securities Companies to Further Replenish Capital* (《關於鼓勵證券公司進一步補充資本的通知》) and the Securities Association of China promulgated the *Guidelines on Capital Replenishment by Securities Companies* (《證券公司資本補充指引》), encouraging securities companies to replenish capital through multiple channels and removing and canceling the restrictive provisions for equity financing of securities companies, and requiring securities companies to place emphasis on capital replenishment, to carefully evaluate and calculate their potential business development scale for the next three years based on their own development strategies, and to make plans and arrangements in advance as to the scale and means of capital replenishment required under different stress scenarios. In principle, securities companies shall replenish their capital at least once within the next three years through listing by initial public offering and capital increase and share expansion to ensure that the business scale matches their capital strength and that the companies' overall risk conditions match their risk tolerance capabilities. The aforesaid documents also clearly support securities companies to replenish their capital through issue of shares.

In June 2016 and March 2020, the CSRC revised the *Administrative Measures for Risk Control Indicators of Securities Companies* (《證券公司風險控制指標管理辦法》) and the supporting rules, enhancing the continuous effectiveness of risk control indicators through improving the net capital and risk capital provisions calculation formulas, so as to promote the sustainable, stable and healthy development of securities companies.

In June 2016 and January 2020, the CSRC promulgated and revised the *Provisions on the Calculation Basis for Risk Control Indicators of Securities Companies* (《證券公司風險控制指標計算標準規定》), improving the securities companies' risk control indicators system which is centered on net capital and liquidity, enhancing its guiding role on the capital allocation of securities companies and promoting the continuous and stable development of the securities industry.

In November 2019, the CSRC published the *Response Letter to Proposal No. 3353 (Cai Shui Jin Rong Lei No. 280) of the 2nd Meeting of the 13th Session of the National Committee of the Chinese People's Political Consultative Conference* (《關於政協十三屆全國委員會第二次會議第3353號(財稅金融類280號)提案答覆的函》), stipulating that it will continue to encourage and guide securities companies to replenish capital, enrich services and functions, optimize incentive and restraint mechanisms, increase investment in technology and innovation, improve international layouts, strengthen compliance risk management and control, and actively support all kinds of state-owned capital to inject capital into securities companies through subscription of preference shares, ordinary shares, convertible bonds and subordinated bonds, so as to promote the securities industry to become bigger and stronger.

As the regulatory standard focusing on net capital supervision has been deepened continuously, policies have been in place to support securities companies to improve their profitability, strengthen risk control, broaden financing channels and increase the proportion of direct financing and encourage securities companies to further replenish capital. With the rapid

growth of business scale and the continuous expansion of emerging businesses, the current net capital scale of the Company can no longer satisfy the business development needs of the Company in the future and meet the regulatory requirements. The Issue of the Company is in line with the CSRC's measures to encourage securities companies to further replenish capital and the directions of the state's industrial policies.

VI. The Dilution of Immediate Returns by the Rights Issue and Remedial Measures to be Taken in this Respect

Upon completion of the Rights Issue, the number of share capital and the net assets of the Company will increase by a relatively significant extent. However, it takes a certain period of time to realize the benefits after the investment of proceeds, and the profits and shareholders' return of the Company will remain to be mainly generated from its existing business, and therefore the immediate returns of the Company upon completion of the issuance of shares by the Company by way of the Rights Issue will be subject to the risk of dilution in the short term.

The Company has conducted the relevant analysis on the impact of the Rights Issue on the dilution of immediate returns, and formulated the *Risk Reminder of and Remedial Measures for Dilution of Immediate Returns as a Result of the Proposed Rights Issue to the Existing Shareholders and the Undertakings by the Relevant Parties of China International Capital Corporation Limited* (for details, please refer to relevant content in the *Announcement on the Risk Reminder of and Remedial Measures for Dilution of Immediate Returns as a Result of the Proposed Rights Issue to the Existing Shareholders and the Undertakings by the Relevant Parties of China International Capital Corporation Limited*).

The specific remedial measures to be formulated by the Company in response to the risk of the dilution of immediate returns shall not be construed as a guarantee of future profit by the Company. Investors shall not make investment decisions in reliance of such remedial measures, and the Company disclaims any responsibility for any losses of the investors arising from investment decisions based thereon.

VII. Profit Distribution of the Company

(I) The Relevant Provisions of the Articles of Association on the Profit Distribution Policy

As of the date of this plan, the provisions of profit distribution policy in the *Articles of Association of China International Capital Corporation Limited* (hereinafter referred to as the "Articles of Association") are as follows:

"**Article 253** The Company attaches importance to reasonable investment returns to investors, and the Company's profit distribution policy maintains continuity and stability, while taking into account the Company's long-term interests, the overall interests of all shareholders and the Company's sustainable development.

Under the premise that the Company's profit distribution does not exceed the cumulative distributable profit and that the Company's risk control indicators can meet regulatory requirements after the implementation of the profit distribution plan, the Company will give priority to cash distribution of dividends.

Article 254 The profit distribution policies of the Company are set out below:

- (I) profit shall be distributed in the following manner: the Company may use cash, shares or a combination of cash and shares or other methods permitted by law or regulation to distribute profit;
- (II) conditions for and proportions of cash dividends distribution: if the Company has no events such as major investment plans or significant cash expenditures, and the Company's risk control indicators can meet regulatory requirements and the normal operating capital requirements of the Company can be satisfied after the distribution of the cash dividends, within any three (3) consecutive years, the cumulative profit distributed by the Company in cash shall not be less than 30% of the annual average distributable profit realized in such three (3) years;
- (III) interval of profit distribution: in principle, the Company makes a profit distribution once a year, and the board of directors can propose the Company to carry out the interim profit distribution according to the profit situation and the situation of capital requirements and related conditions;
- (IV) conditions for issuing share dividends: when the Company is operating well and the board of directors believes that the Company's share price does not match the size of the Company's share capital and that the issuance of share dividends is in the interest of the shareholders of the Company as a whole, and comprehensively taking into account the Company's growth, dilution of net assets per share and other factors, it can propose share dividends distribution plan under the conditions of meeting the aforesaid cash dividends distribution.

Article 255 The decision-making procedures and mechanism of the Company's profit distribution plan are as follows:

- (I) the Company's profit distribution plan is formulated by the board of directors. The board of directors shall fully discuss the rationality of the profit distribution plan and form a special proposal to be implemented, subject to the consideration and approval of shareholders' general meeting. Independent directors shall express clear opinions. Before the shareholders' general meeting considers the specific profit distribution plan, the Company shall actively communicate with shareholders, especially minority shareholders through various channels, listen to the opinions and demands of minority shareholders, and promptly answer questions of their concerns.

- (II) if the Company is unable to determine the profit distribution plan for the year in accordance with the established cash dividend policy or the minimum cash dividend ratio under special circumstances, it shall disclose the specific reasons and the clear opinions of the independent directors in the annual report. The Company's profit distribution plan for that year shall be approved by two-thirds or more of the voting rights represented by the shareholders attending the shareholders' general meeting.
- (III) in the event of force majeure such as war, natural disasters, or changes in the Company's external operating environment that have a significant impact on the Company's operations, or the Company's own operating or financial conditions have changed significantly, or relevant laws, regulations or regulatory requirements have changed or any adjustment has been made thereto, or if the board of directors deems it necessary, the Company may adjust the cash dividend policy. The adjustment of the Company's cash dividend policy shall be demonstrated in detail by the board of directors, and a special proposal shall be formed and submitted to the shareholders' general meeting, which shall be approved by two-thirds or more of the voting rights represented by the shareholders attending the shareholders' general meeting."

(II) Dividend Distribution Plan for Shareholders

Pursuant to the CSRC's *Notice on Further Implementing Matters concerning Cash Dividends of Listed Companies* (《關於進一步落實上市公司現金分紅有關事項的通知》), the *Guidelines No. 3 on the Supervision and Administration of Listed Companies – Distribution of Cash Dividends of Listed Companies* (《上市公司監管指引第3號–上市公司現金分紅》) and other relevant requirements, and to further improve the shareholders' returns, enhance profit distribution policy, clarify the Company's reasonable investment return plan for shareholders, increase the transparency and operability of profit distribution decisions, and facilitate shareholders' supervision over the Company's operations and profit distribution, the Company formulated the *Plan for Shareholders' Return Within Three Years Following the Initial Public Offering and Listing of RMB Ordinary Shares (A Shares) of China International Capital Corporation Limited* at the time of initial public offering of A shares and listed in November 2020, primary details of which are as follows:

1. The Company may distribute its profits in cash, shares or a combination of both or in any other forms as permitted by the laws and regulations. The Company shall determine a cash dividend policy that enables the shareholders to share the growth and development results of the Company and receive reasonable investment returns, by considering factors such as its development stage and capital requirements.
2. The Company adopts cash dividend as its priority profit distribution policy, i.e. the Company shall distribute its dividends preferentially in cash when the Company gains profit in that year and the accumulated undistributed profits at that year-end are positive and if there are distributable profits available after making up losses, and making appropriation of various common reserve funds and reserve funds in

accordance with the laws. The profit distributed by the Company shall not exceed its accumulated distributable profit, and without prejudice to the Company's ability to continually operate. In the event that the Company has no significant investment plan or significant cash expenditure, and its risk control indicators can meet regulatory provisions and address the capital needs for its normal operations after distribution of cash dividends, the accumulated profits distributed by the Company in cash in any three consecutive years shall be no less than 30% of the annual average distributable profits realized in such three years.

3. The Company, in principle, makes a profit distribution on a yearly basis. Based on profits, capital requirements and relevant conditions of the Company, the board of directors may propose the Company to make an interim profit distribution.
4. If the operating conditions of the Company are favourable and the board of directors considers that there is a mismatch between Company's share price and the size of its share capital and that distribution of share dividend is in the interests of all shareholders of the Company as a whole, the Company may, after making the above cash dividends distribution and taking into comprehensive consideration factors including the growth of the Company and the diluted net assets per Share, propose to implement a proposal on distribution of dividends in shares.
5. The board of directors of the Company shall comprehensively take into account, among other things, features of the industries where the Company operates, its development stage, business model, and profit level and whether it has any significant capital expenditure plans, and formulate differentiated cash dividend policies in accordance with the procedures provided in the Articles of Association and the provisions set out below:
 - (1) If the Company is at the mature stage of development and has no significant capital expenditure plan, the proportion of cash dividends shall be at least 80% in the profit distribution;
 - (2) If the Company is at the mature stage of development and has a significant capital expenditure plan, the proportion of cash dividends shall be at least 40% in the profit distribution;
 - (3) If the Company is at the growing stage of development and has a significant capital expenditure plan, the proportion of cash dividends shall be at least 20% in the profit distribution.

If it is difficult to differentiate the Company's stage of development while it has a significant capital expenditure plan, the profit distribution may be dealt with pursuant to the rules applied in the previous provisions.

6. If any force majeure events occur, including war or natural disaster; or there are changes in the Company's external operating environment causing a material impact on the Company's operation; or there is a relatively material change in the Company's own operating or financial position; or there are changes in or adjustments to relevant laws, regulations or regulatory provisions; or where the board of directors deems necessary, the Company may make amendments to its cash dividend policy. The board of directors shall conduct a thorough discussion on such amendments to the cash dividend policy by the Company and form a special resolution in this regard to submit to the shareholders' general meeting for approval by more than two-thirds of the voting rights held by shareholders attending such shareholders' general meeting.

REPORT ON THE USE OF PREVIOUSLY RAISED PROCEEDS
OF CHINA INTERNATIONAL CAPITAL CORPORATION LIMITED

I. Basic of Preparation

The Report on the Use of Previously Raised Proceeds has been prepared by China International Capital Corporation Limited (the “Company”) in accordance with the *Rules on Report on Use of Previously Raised Proceeds* (Zheng Jian Fa Xing Zi [2007] No. 500) (《關於前次募集資金使用情況報告的規定》(證監發行字[2007]500號)) of the China Securities Regulatory Commission.

II. Amount, Receiving Date and Deposit of Previously Raised Proceeds

Upon approval by the China Securities Regulatory Commission with the *Reply of Approval of the Initial Public Offering of Shares by China International Capital Corporation Limited* (Zheng Jian Xu Ke [2020] No. 2340) (《關於核准中國國際金融股份有限公司首次公開發行股票的批覆》(證監許可[2020]2340號文)), the Company issued 458,589,000 RMB ordinary shares (A shares) publicly on the Shanghai Stock Exchange at an offer price of RMB28.78 per share and the proceeds raised were RMB13,198,191,420.00. After deducting the issuance expenses of RMB166,129,928.32, the actual net proceeds raised by the Company amounted to RMB13,032,061,491.68. The above-raised proceeds were fully received on October 26, 2020 and verified by Deloitte Touche Tohmatsu Certified Public Accountants LLP upon the issuance of De Shi Bao (Yan) Zi (20) No.00609 Capital Verification Report. As of December 31, 2021, the above proceeds raised from the initial public offering of RMB ordinary shares (A shares) were used up.

As of December 31, 2021, the previously raised proceeds of the Company were deposited in the bank accounts as follows:

Unit: RMB

Account Opening Bank of the Special Proceeds Account	Bank Account No.	Initial Deposit Amount	Balance as of December 31, 2021	Remarks
Agricultural Bank of China Limited, the Business Department of Beijing Chaoyang Branch (Note 1)	11041601040023091	2,199,698,570.00	–	Account has been closed
Bank of Communications Co., Ltd., Beijing Guanghai Road Branch	110061021018800132635	2,199,698,570.00	–	Account has been closed
China Construction Bank Corporation, Beijing Guomao Branch (Note 1)	11050166590000000277	2,199,698,570.00	–	Account has been closed

Account Opening Bank of the Special Proceeds Account	Bank Account No.	Initial Deposit Amount	Balance as of December 31, 2021	Remarks
Industrial Bank Co., Ltd., Beijing Zhongguancun Branch (Note 1)	321070100100325374	2,199,698,570.00	-	Account has been closed
China Merchants Bank Co. Ltd., Beijing Wantong Centre Branch (Note 1) (Note 2)	955103160000025	2,199,698,570.00	-	Account has been closed
Industrial and Commercial Bank of China Limited, Beijing China World Office Branch (Note 1)	0200041629200173045	2,199,698,570.00	-	Account has been closed
Total		13,198,191,420.00	-	

Note 1: The bank which signed the Agreement for Tripartite Supervision of Deposits in the Special Proceeds Account is the organization superior to the account opening bank.

Note 2: As of the disclosure date of this report, "China Merchants Bank Co., Ltd., Beijing Wantong Centre Branch" has been renamed "China Merchants Bank Co., Ltd., Beijing Pilot Free Trade Zone Business Central District Branch".

III. Actual Use of the Previously Raised Proceeds

In the Initial Public Offering (A Shares) Prospectus of the Company (the "Prospectus"), the Company undertook that after deducting the issuance expenses, all raised proceeds would be used to increase its capital base and replenish its working capital to support the development of domestic and overseas business. As of December 31, 2021, the actual net proceeds from the initial public offering of RMB ordinary shares (A shares) were fully used for the purposes undertaken in the Prospectus. For details, see "Comparison Table for the Use of the Previously Raised Proceeds" in Annex in this report.

IV. Benefits Realized from Projects Invested with Previously Raised Proceeds

The previously raised proceeds of the Company were used to increase its capital base and replenish its working capital to support the development of domestic and overseas business. Upon receipt of the raised proceeds, net assets and net capital of the Company were both increased. As the capital invested in all of the projects invested with raised proceeds includes original self-owned capital and raised proceeds of the Company, it is not possible to separately calculate the benefits realized with the raised proceeds as of December 31, 2021.

V. Comparison of the Use of the Previously Raised Proceeds with the Information Disclosed

The actual use of the previously raised proceeds of the Company is consistent with the periodic reports disclosed by the Company and relevant contents disclosed in other information documents.

VI. Unused Raised Proceeds

As of December 31, 2021, there were no unused raised proceeds of the Company.

VII. Conclusion

The Company has used the previously raised proceeds according to the utilization proposal of the raised proceeds disclosed in the Prospectus, and has fully fulfilled its disclosure obligations in respect of the utilization and status of the previously raised proceeds in a truthful manner.

All the directors of the Company undertake that there are no false records, misleading statements or material omissions in this report, and assume several and joint liabilities for its truthfulness, accuracy and completeness.

Annex: Comparison Table for the Use of the Previously Raised Proceeds

Annex: Comparison Table for the Use of the Previously Raised Proceeds

As of December 31, 2021

Unit: RMB

Total amount of raised proceeds (excluding issuance expenses): 13,032,061,491.68
 Accumulative total amount of proceeds used: 13,032,061,491.68
 Total amount of raised proceeds with changes in use: Nil
 Total amount of proceeds used for each year:
 2020: 13,032,061,491.68
 Proportion of total amount of raised proceeds with changes in use: Nil

Investment project	Total amount of proceeds invested			Accumulative amount of proceeds invested as of December 31, 2021			The difference between committed investment amount after raising proceeds and actual investment amount	Date of project ready for intended use (or completion progress of project as of December 31, 2021)
	Committed investment amount before raising proceeds	Committed investment amount after raising proceeds	Actual investment amount	Committed investment amount before raising proceeds	Committed investment amount after raising proceeds	Actual investment amount		
No. project	Committed investment amount before raising proceeds	Committed investment amount after raising proceeds	Actual investment amount	Committed investment amount before raising proceeds	Committed investment amount after raising proceeds	Actual investment amount		
1	To increase its capital base and replenish its working capital to support the development of domestic and overseas business	To increase its capital base and replenish its working capital to support the development of domestic and overseas business		13,032,061,491.68	13,032,061,491.68	13,032,061,491.68	13,032,061,491.68	- N/A

**2022 FEASIBILITY ANALYSIS REPORT ON THE USE OF PROCEEDS FROM
THE RIGHTS ISSUE
OF CHINA INTERNATIONAL CAPITAL CORPORATION LIMITED**

China's economy is now striding towards a new stage of high-quality development. In the course of structural optimization and upgrading and innovation-driven development, capital market plays a more prominent and pivotal role in resource allocation, and its function of serving the real economy is constantly enhanced. The development of the direct financing system has accelerated, the financial market has opened up in both directions, and the securities industry has welcomed a historical period of strategic development opportunities; At the same time, the securities industry also faces the trend of complex international situations, increasingly intense competition and improved requirements of technology application, which requires securities companies to continuously consolidate their capital bases, improve risk management capabilities, promote the high-quality development of businesses and continuously improve their core competitiveness.

China International Capital Corporation Limited (hereinafter referred to as the "Company") achieved the A share listing in 2020. The Company seized market opportunities promptly through effective use of raised funds, continued to promote the strategic deployment and resource investment of "digitization, regionalization and internationalization" and "One CICC", and supported stable growth of various businesses of the Company. At the end of 2021, the total assets of the Company were RMB649.795 billion, an increase of 24.57% over the beginning of the year. In 2021, the Company achieved net profits of RMB10.81 billion, an increase of 48.85% on a year-on-year basis. In 2020 and 2021, the weighted average returns on net assets of the Company was 13.52% and 14.64% respectively, a decline in the first half of 2022 affected by the overall market environment. The Company will actively deal with the environmental changes of the market, seize market opportunities, and continue to accelerate the promotion of high-quality business development centered in serving the overall national reform and development. The Company plans to expand the scale of capital by way of the rights issue (the "Right Issue" or the "Issue"), continue to give play to its advantages in the fields of institutions business and cross-border business, and focus on improving innovation capabilities, comprehensive service capabilities, business synergy capabilities, in order to create better returns for shareholders and make more contributions to serving the development of the real economy and promoting the reform of the financial market.

I. Basic Information about the Proceeds from the Rights Issue

The total proceeds raised from the Rights Issue are expected to be no more than RMB27 billion (the specific size depends on the market conditions at the time of issuance). The net proceeds, after deduction of relevant issuance expenses, are proposed to be used for replenishing the capital for supporting various business developments and replenishing other working capital. The details are as follows:

No.	Use of Proceeds	Amount
1	Supporting the capital needs for business development	No more than RMB24 billion
2	Replenishing other working capital	No more than RMB3 billion
	Total	No more than RMB27 billion

If the net proceeds raised from the Rights Issue are less than the proceeds proposed to be invested, the shortfall will be made up by the Company. Without any changes in the use of the proceeds, the board of directors of the Company or its authorized person(s) may make appropriate adjustments to the specific investment and utilization plan, the sequence and amount of investment of the proceeds in the above projects according to the actual needs of projects. From the date of approval at the board meeting of the Company convened to consider the Rights Issue Plan resolution to the date on which the proceeds are available for use, the Company will first invest the self-raised funds in relevant projects according to the operating conditions and development plans, and will replace the self-raised funds with the proceeds of the Rights Issue as and when available in accordance with the relevant procedures required under relevant laws and regulations.

II. Necessity Analysis of the Proceeds from the Rights Issue**(I) Aligning with the national strategies and seizing the development opportunities of the capital market and securities industry**

Against the backdrop of the deepening of the reform and development of the capital market, the multi-layered market system has been continuously improved, the financial system has accelerated its evolution towards direct financing, and the two-way opening of the market has been upgraded to a higher level. The adaptability and support of the capital market to the real economy has been continuously enhanced, and the breadth and depth of serving the real economy have been expanded significantly. In this context, the state encourages and guides securities companies to further replenish capital, enrich services functions, optimize incentive

and restraint mechanisms, increase investments in technology and innovation, improve internationalization initiatives, strengthen compliance risk management and control, and proactively develop aircraft-carrier-class securities companies. Therefore, the transformation and development of securities companies has entered the fast lane.

The Company will actively align with national strategies, continuously consolidate its own capital strength and provide greater support for the real economy through capital utilization and business innovation. The Company will consolidate and give full play to the advantages of cross-border comprehensive financial services, accelerate integration into and promote the new development pattern of “dual circulation”. In addition, the Company will accelerate the transformation of wealth management and asset management business, and promote the diversification of asset allocation of residents based on multi-level capital markets, so as to seize the strategic opportunities from capital market reform and the development of the securities industry.

(II) Enhancing core competitiveness and actively participating in international market competition

At present, the two-way opening of the financial industry continues to accelerate. In the face of competition from foreign financial institutions and cross-disciplinary institutions, local leading securities companies need to accelerate the pace of internationalization, actively participate in the international market. Local leading securities companies also need to increase digital transformation efforts, optimize their business models and improve their operational efficiency. Meanwhile, the deepening of capital market reform and the regulatory policy of supporting the superior and limiting the inferior promotes securities companies to accelerate differentiated development. The trends such as the continuous advancement of the registration system reform, the acceleration of the integration of institutional services, the transformation of the wealth management business, and the active development of the asset management business are accelerating the concentration of the securities industry. The leading securities companies with strong capital strength and outstanding synergies across the value chain will further strengthen competitive advantages.

The Issue will enhance the Company’s capital strength, narrow the capital gap with other domestic leading securities companies and international investment banks, accelerate the scalable development of the Company, expand domestic and overseas market networks and business layout and enable the Company to increase its capital investment to serve the comprehensive cross-border business needs of global customers. The Issue will consolidate and enhance the Company’s core competitiveness in aspects including specialized services, international businesses and digital transformation.

(III) Accelerating business development, optimizing business layout, and laying the foundation for long-term development

As the securities industry is a capital-intensive industry, the business development and comprehensive service capabilities of securities companies are closely related to the scale of capital. Sufficient capital base will provide strong support for a securities company to expand its business scale, increase its business scope, optimize its profit model and establish its customer-focused business structure and professional service capabilities.

The Issue will further expand the Company's business development potential, promote the Company's capabilities to consolidate its existing advantages, expand business scales and accelerate the enhancement of emerging business. First, the proceeds raised from the Issue can support the innovation and expansion of capital businesses, as well as facilitate the Company's use of the balance sheet to provide customers with comprehensive services. Second, the Issue enables the Company to consolidate and expand the scale of its traditional advantageous businesses, enhance its business undertaking capabilities, and accelerate the development of emerging businesses. Third, the proceeds raised from the Issue can help the Company to further strengthen its investments in terms of Fin-tech and internationalization, to seize strategic M&A opportunities when appropriate, to accelerate digital development and transformation, and to enhance international market competitiveness and influence. The Issue will help the Company enhance the comprehensive service capabilities of the entire value chain, and achieve a balanced business strategic planning and a diversified income structure, laying a solid foundation for the long-term sustainable development of the Company.

(IV) Continuously meeting the regulatory requirements for net capital and improving the risk resistance capabilities

At present, China's securities regulatory commission implements the management of risk control indicators which focus on net capital and liquidity for securities companies. Capital strength represents the core competitiveness of securities companies and constitutes an important basis for resisting risk and achieving stable development. In accordance with the *Tentative Provisions for the Examination and Approval of the Business Scope of Securities Companies* (《證券公司業務範圍審批暫行規定》) promulgated by the China Securities Regulatory Commission (the "CSRC") in October 2008, when expanding the business scope, securities companies shall satisfy the prudential requirements, and "in the past one year, all risk control indicators shall be in continuous compliance with the standards, and after expansion of business scope, the net capital shall be in compliance with the standard". The *Decision on Amending the Administrative Measures for Risk Control Indicators of Securities Companies* (《關於修改〈證券公司風險控制指標管理辦法〉的決定》) revised and promulgated by the CSRC in June 2016 adjusted the calculation methods of net capital and risk capital reserves, adding the regulatory standard that the capital leverage ratio should not be lower than 8%, and clarifying the regulatory indicator requirements for specific business lines. In 2020, the Company was included in the scope of the first batch of consolidated regulatory pilot by the CSRC, which led to higher requirements for the Company's risk management capabilities.

In recent years, the Company has been in compliance with regulatory standards continuously in terms of major risk control indicators. However, as the Company has continuously developed and expanded new businesses and new products, the scale of domestic and overseas balance sheet business has continued to expand, and the pressure on major regulatory indicators such as leverage ratios has increased, resulting in higher demands for the scale of net capital and net assets. The Issue is in line with the Company's business development strategies, helping to ensure that the Company will continue to meet regulatory requirements for net capital, further improve the Company's ability to resist risks, and provide effective safeguard for the Company to expand its business scale and accelerate its business development.

III. Feasibility Analysis of the Proceeds from the Rights Issue

(I) The Issue is in compliance with the requirements under the relevant laws, regulations and prescriptive documents

Through the comprehensive governance and regulation, the Company has adopted a series of effective measures to strengthen its internal control. The Company currently has a well-established corporate governance structure, an effective and a sound internal control system and a risk monitoring system on a real-time basis, equipping the Company with relatively strong risk control capability and guaranteeing a strong safeguard for the continuous profitability of the Company in the future. Meanwhile, the Company has sound asset quality and financial conditions as well as sustainable profitability, which is in compliance with the provisions in relation to rights issue by listed companies as prescribed in laws, regulations and prescriptive documents such as the *Company Law of the People's Republic of China* (《中華人民共和國公司法》), the *Securities Law of the People's Republic of China* (《中華人民共和國證券法》), the *Administrative Measures for the Issuance of Securities by Listed Companies* (《上市公司證券發行管理辦法》), the *Q&A on Issuance Regulation – Regulatory Requirements on Guiding and Regulating the Financing Behaviors of Listed Companies (Revised)* (《發行監管問答—關於引導規範上市公司融資行為的監管要求(修訂版)》) and the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (《香港聯合交易所有限公司證券上市規則》) and meets the conditions for rights issue.

(II) The Issue is in line with the directions of the national and industrial policies

In May 2014, the State Council promulgated *Several Opinions on Further Promoting the Healthy Development of Capital Market* (《關於進一步促進資本市場健康發展的若干意見》), proposing to encourage the securities business institutions to implement differentiated, professional and characteristic development and promote the formation of several modern investment banks with international competitiveness, brand influence and systemic importance.

In May 2014, the CSRC promulgated the *Opinions on Further Promoting the Innovative Development of Securities Operation Institutions* (《關於進一步推進證券經營機構創新發展的意見》), raising 15 opinions on further promoting the innovative development of securities business institutions in terms of, among others, broadening financing channels and supporting the equity and debt financing of securities business institutions.

In September 2014, the CSRC promulgated the *Notice on Encouraging Securities Companies to Further Replenish Capital* (《關於鼓勵證券公司進一步補充資本的通知》) and the Securities Association of China promulgated the *Guidelines on Capital Replenishment by Securities Companies* (《證券公司資本補充指引》), encouraging securities companies to replenish capital through multiple channels and removing and canceling the restrictive provisions for equity financing of securities companies, and requiring securities companies to place emphasis on capital replenishment, to carefully evaluate and calculate their potential business development scale for the next three years based on their own development strategies, and to make plans and arrangements in advance as to the scale and means of capital replenishment required under different stress scenarios. In principle, securities companies shall replenish their capital at least once within the next three years through listing by initial public offering and increase of share capital to ensure that the business scale matches their capital strength and that the companies' overall risk conditions match their risk tolerance capabilities. The aforesaid documents also clearly support securities companies to replenish their capital through issue of shares.

In June 2016 and March 2020, the CSRC revised the *Administrative Measures for Risk Control Indicators of Securities Companies* (《證券公司風險控制指標管理辦法》) and the supporting rules, enhancing the continuous effectiveness of risk control indicators through improving the net capital and risk capital provisions calculation formulas, so as to promote the sustainable, stable and healthy development of securities companies.

In June 2016 and January 2020, the CSRC promulgated and revised the *Provisions on the Calculation Basis for Risk Control Indicators of Securities Companies* (《證券公司風險控制指標計算標準規定》), improving the securities companies' risk control indicators system which is centered on net capital and liquidity, enhancing its guiding role on the capital allocation of securities companies and promoting the continuous and stable development of the securities industry.

In November 2019, the CSRC published the *Response Letter to Proposal No. 3353 (Cai Shui Jin Rong Lei No. 280) of the 2nd Meeting of the 13th Session of the National Committee of the Chinese People's Political Consultative Conference* (《關於政協十三屆全國委員會第二次會議第3353號(財稅金融類280號)提案答覆的函》), stipulating that it will continue to encourage and guide securities companies to replenish capital, enrich services and functions, optimize incentive and restraint mechanisms, increase investment in technology and innovation, improve international layouts, strengthen compliance risk management and control, and actively support all kinds of state-owned capital to inject capital into securities companies through subscription of preference shares, ordinary shares, convertible bonds and subordinated bonds, so as to promote the securities industry to become bigger and stronger.

As the regulatory standard focusing on net capital supervision has been deepened continuously, policies have been in place to support securities companies to improve their profitability, strengthen risk control, broaden financing channels and increase the proportion of direct financing and encourage securities companies to further replenish capital. With the rapid growth of business scale and the continuous expansion of emerging businesses, the current net capital scale of the Company can no longer satisfy the business development needs of the Company in the future and meet the regulatory requirements. The Issue of the Company is in line with the CSRC's measures to encourage securities companies to further replenish capital and the directions of the state's industrial policies.

IV. Use of Proceeds from the Rights Issue

(I) Supporting the capital needs for business development

The proceeds amounting to no more than RMB24 billion are proposed to be used for supporting the capital needs for business development, enhancing the Company's capital strength to provide customers with integrated services by balance sheets resources. Guided by this overall strategy, the Company will uniformly manage and allocate its capital considering the business development plans of all business lines. The proceeds will be mainly used for, including but not limited to, replenishing the capital for supporting the development of the following businesses:

1. Capital services and products businesses

Based on capital strength, transaction pricing and product design capabilities, the Company provides customers with a variety of equity and FICC capital services and innovative products businesses such as prime brokerage, market-making transactions, credit transactions, financing services, derivatives trading and cross-border transactions, aiming at meeting customers' diversified and customized needs for investment and financing, asset allocation and risk management. The capital services and product businesses are the important carriers for the Company to provide customers with integrated services by using balance sheets, as well as the important business growth point for the Company.

The Company will continue to strengthen the construction of equity capital services and product businesses system to build an equities business platform providing one-stop cross-border services. Being a core market maker in derivatives trading, the Company will deepen product innovation in order to meet the diversified financial service needs of a variety of institutional customers. The Company will consolidate the market leading position in market interconnection businesses, promote overseas platform expansion and enhance international competitiveness. The Company will continue to improve cross-border and cross-market investment allocation services and business scope, enrich product and customer structure, and strengthen primary and secondary markets and

cross-border capital linkage. The Company will continue to improve business systems, operational management efficiency and customer experience, strengthen risk management capabilities, accelerate the digitalization process, and achieve technological empowerment.

The Company will further improve the FICC capital services and product businesses system covering interest rate, credit, structuring, foreign exchange and commodities, and enhance comprehensive service capabilities for customers; strengthen capabilities in market-making transactions and creating customized products, promote product innovation, improve the ability to serve the real economy, and expand the layout of diversified product lines; enhance cross-border business capabilities, promote the construction of cross-border product design and customer service platform, strengthen international customers coverage and transaction service capabilities; accelerate digital transformation, explore financial technology innovation, strengthen risk control capabilities and operational system construction, and build a fully agile FICC platform integrated with advanced business and technology.

2. *Investment banking business*

The Company will continue to leverage on its comprehensive advantages, increase resources investment in investment banking business, implement regional deployment, promote international development, increase the breadth and depth of customer coverage, and increase market share. In terms of equity financing business, the Company will continue to promote the in-depth development in emerging industries, key regions and international distribution, support the construction of multi-level capital market and direct financing system, and deeply serve the financing needs of technological innovation, industrial upgrading and green development enterprises; in terms of debt and structured financing business, the Company will continuously increase the underwriting scale of primary issuance, consolidate its leading position in publicly offered infrastructure REITs business, actively deploy multiple cross-border products, and seek for market opportunities relying on innovative products. The investment banking business has a greater demand for capital in business areas such as co-investments as sponsor on STAR Market, bond issuance and asset securitization, standby equity and debt underwritings, M&A loans, institution loans and debt restructuring.

3. *Wealth management business*

The Company will continue to promote the steady development of wealth management capital services, expand the scale of traditional businesses such as margin financing and securities lending and other new capital intermediary business, enrich investors' trading tools, and improve market liquidity; enhance core customer stickiness through capital services, while strengthening product allocation business and investment advisory team building, provide customized solutions of "wealth planning & asset allocation" based on customer needs, enhance the customer base and asset accumulation

of the wealth management platform through high-quality products and one-stop comprehensive services, as well as digital means such as financial technology, and accelerate the transformation and upgrading of the buyers' investment and consultation model.

4. *Private equity business*

The Company will continue to promote its private equity investment business with focus on fields that back up the high-quality development of the economy. The Company will support the development of new funds and new businesses, grasp high-quality equity investment opportunities, and consolidate the Company's leading position in the area of private equity investment by increasing its own capital investment. The Company will continue to build comprehensive and multi-level equity investment capabilities, continue to expand the scale of funds under management and industry influence, deepen the business layout in key regions and strategic emerging industries; actively support industrial restructuring, regional development and growth of new economy; improve the layout of diversified product lines, expand the advantage in growth-stage investment funds, FoFs and other fields, and accelerate the development of key businesses such as USD funds, buyout funds and venture capital funds; promote the digitalization and standardization of business processes and enhance digital service capabilities.

5. *Asset management business*

The Company is preparing to establish a wholly-owned asset management subsidiary, which will take over the Company's securities asset management business after its establishment. The Company will provide capital support for the asset management business in accordance with relevant regulatory requirements and the needs of business sustainable development, and continue to improve the comprehensive customer service capability; strengthen the construction of investment and research capabilities, improve active management capabilities, promote the development of innovative products, and enrich the layout of product lines; expand the customer coverage base and deepen the expansion of retail and overseas channels; accelerate the transformation of financial technology, improve the risk management system, and build an industry-leading asset management platform.

(II) Replenishing other working capital

No more than RMB3 billion of the proceeds raised from the Rights Issue is intended to be used to replenish other working capital. The Company will closely monitor the changes in regulatory policies and market conditions, reasonably allocate the proceeds raised from the Rights Issue after taking into consideration the development strategies and actual operating conditions, and promptly replenish the working capital needs in the process of business development of the Company, so as to ensure the orderly development of various businesses.

V. Conclusion

The proceeds from the Rights Issue will facilitate the Company to seize the opportunities in industry development, consolidate and expand the scale of its traditional advantageous businesses and foster the development of its innovative businesses, to improve the Company's comprehensive competitiveness and profitability; increase capital strength, optimize capital structure, improve the Company's business operation capabilities and risk resistance capabilities, to provide favorable guarantee for the Company's business expansion and strategy implementation. Meanwhile, the Rights Issue complies with conditions stipulated in relevant laws, regulations and prescriptive documents, and conforms to the directions of the state's industrial policies. Therefore, the Rights Issue is necessary and feasible. The successful implementation of the Issue will optimize the Company's business structure, enhance the Company's profitability, and bring better returns for our shareholders.

RISK REMINDER OF AND REMEDIAL MEASURES FOR DILUTION OF IMMEDIATE RETURNS AS A RESULT OF THE PROPOSED RIGHTS ISSUE TO THE EXISTING SHAREHOLDERS AND THE UNDERTAKINGS BY THE RELEVANT PARTIES OF CHINA INTERNATIONAL CAPITAL CORPORATION LIMITED

China International Capital Corporation Limited (hereinafter referred to as the “**Company**”) intends to issue shares to its existing shareholders through rights issue (hereinafter referred to as the “**Rights Issue**” or the “**Issue**”). According to the requirements of the *Company Law of the People’s Republic of China* (《中華人民共和國公司法》) (hereinafter referred to as the “**Company Law**”), the *Securities Law of the People’s Republic of China* (《中華人民共和國證券法》) (hereinafter referred to as the “**Securities Law**”), the *Opinions of the General Office of the State Council on Further Strengthening the Work of Protection of the Rights and Interests of Minority Investors in Capital Market* (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》) and the *Guidance Opinion on Matters Pertaining to Dilution of Return for the Immediate Period Resulting from Initial Offering and Follow-on Offerings or Material Asset Restructuring* (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》) issued by the China Securities Regulatory Commission (hereinafter referred to as the “**CSRC**”) and relevant laws and regulations, in order to protect the legitimate rights and interests of all shareholders, the Company has conducted an analysis on the impact of the Rights Issue on the dilution of immediate returns and put forward specific remedial measures. The directors and senior management of the Company shall make undertakings to ensure the effective implementation of the remedial measures. The details are as follows:

I. Calculation of the Impact of the Rights Issue on the Company’s Key Financial Indicators

(I) Major assumptions and clarifications for the calculation

1. It is assumed that there would be no material adverse changes in the macroeconomic environment, industry development trends and the Company’s operating performance in 2022;
2. It is assumed that three shares would be allotted for every ten shares calculated on the basis of 4,827,256,868 total issued shares of the Company as of June 30, 2022, and a maximum of 1,448,177,060 shares to be allocated under the Rights Issue. The total issued shares of the Company would be 6,275,433,928 shares upon completion of the Issue (the foregoing numbers are for the sole purpose of calculating the impact of the dilution of immediate return as a result of the Rights Issue on the key financial indicators, and the actual numbers will be determined by the Company according to regulatory requirements and market environment);

3. It is assumed that the total proceeds raised from the Rights Issue (excluding issuance expenses) would be RMB27 billion;
4. It is assumed that the Rights Issue would be completed by the end of November 2022 (the foregoing schedule is for the sole purpose of calculating the impact of the dilution of immediate return as a result of the Rights Issue on the key financial indicators, and is subject to the final issue size as approved by the CSRC, amount of proceeds and actual date of issuance);
5. Scenarios for the calculation include profit attributable to the ordinary shareholders of the parent company before and after excluding extraordinary items for 2022 increasing by 10%, remaining unchanged and decreasing by 10% as compared with those for 2021 (the above scenarios do not represent the Company's profit forecast, and are only used to calculate the impact of the dilution of immediate return as a result of the Rights Issue on the key financial indicators; upon which investors should not make investment decisions);
6. The impact of receipts of the proceeds from the Rights Issue on the operation and financial performance (such as the financial expenses and investment returns) of the Company would not be taken into account;
7. It is assumed that there would be no other events in the year of 2022 affecting the total number of shares in issue of the Company such as the conversion of capital reserve into share capital, distribution of dividends and share repurchase.

(II) Impact on earnings per share of the Company

On the basis of the aforesaid assumptions, the Company calculated the impact on earnings per share before and after the completion of the Issue. The details are as follows:

Item	For the year of 2021/As at December 31, 2021	For the year of 2022/As at December 31, 2022	
		Before the Issue	After the Issue
Total number of ordinary shares at the end of the period (100 million shares)	48.27	48.27	62.75
Total weighted average number of ordinary shares (100 million shares)	48.27	48.27	49.48
Scenario I: The profit attributable to the ordinary shareholders of the parent company before and after excluding extraordinary items for 2022 both increase by 10% as compared with those for 2021.			

RISK REMINDER OF AND REMEDIAL MEASURES FOR DILUTION OF IMMEDIATE RETURNS AS A RESULT OF THE PROPOSED RIGHTS ISSUE TO THE EXISTING SHAREHOLDERS AND THE UNDERTAKINGS BY THE RELEVANT PARTIES OF THE COMPANY

Item	For the year of 2021/As at December 31, 2021	For the year of 2022/As at December 31, 2022	
		Before the Issue	After the Issue
Profit attributable to the ordinary shareholders of the parent company (RMB100 million)	104.23	114.66	114.66
Profit attributable to the ordinary shareholders of the parent company, excluding extraordinary items (RMB100 million)	102.98	113.28	113.28
Basic earnings per share (RMB/share)	2.16	2.38	2.32
Diluted earnings per share (RMB/share)	N/A	N/A	N/A
Basic earnings per share, excluding extraordinary items (RMB/share)	2.13	2.35	2.29
Diluted earnings per share, excluding extraordinary items (RMB/share)	N/A	N/A	N/A
Scenario II: The profit attributable to the ordinary shareholders of the parent company before and after excluding extraordinary items for 2022 both remain unchanged as compared with those for 2021.			
Profit attributable to the ordinary shareholders of the parent company (RMB100 million)	104.23	104.23	104.23
Profit attributable to the ordinary shareholders of the parent company, excluding extraordinary items (RMB100 million)	102.98	102.98	102.98
Basic earnings per share (RMB/share)	2.16	2.16	2.11
Diluted earnings per share (RMB/share)	N/A	N/A	N/A
Basic earnings per share, excluding extraordinary items (RMB/share)	2.13	2.13	2.08
Diluted earnings per share, excluding extraordinary items (RMB/share)	N/A	N/A	N/A
Scenario III: The profit attributable to the ordinary shareholders of the parent company before and after excluding extraordinary items for 2022 both decrease by 10% as compared with those for 2021.			
Profit attributable to the ordinary shareholders of the parent company (RMB100 million)	104.23	93.81	93.81
Profit attributable to the ordinary shareholders of the parent company, excluding extraordinary items (RMB 100 million)	102.98	92.68	92.68
Basic earnings per share (RMB/share)	2.16	1.94	1.90
Diluted earnings per share (RMB/share)	N/A	N/A	N/A
Basic earnings per share, excluding extraordinary items (RMB/share)	2.13	1.92	1.87
Diluted earnings per share, excluding extraordinary items (RMB/share)	N/A	N/A	N/A

(III) Clarifications for the calculation

The above assumptions for the calculation do not constitute a profit forecast of the Company. Investors shall not make investment decisions based thereon, and the Company hereby disclaims any responsibility for the losses of investors incurred by these investment decisions.

The number of shares to be issued, total amount of proceeds and date of completion of the Issue are only estimates and are subject to, including but not limited to, the approval by the regulatory authorities and the subscription of the shares to be issued.

II. Risk Reminder of the Dilution of Immediate Returns by the Issue

Upon completion of the Rights Issue, the number of issued shares and net assets of the Company will increase by a relatively significant extent. However, it takes a certain period of time for the investment of the proceeds to generate returns, and the Company will continue to rely on its existing businesses as the main source for profit realization and shareholder returns. Therefore, the immediate return of the Company after completion of the Rights Issue is subject to the risk of dilution in the short term. In addition, in the event that benefits of the proceeds from the Issue are not realized as expected, basic earnings per share and the return on net assets may be diluted, thereby reducing the Company's return for the shareholders.

III. Necessity and Rationality of the Issue**(I) Necessity of the Issue*****1. Aligning with the national strategies and seizing the development opportunities of the capital market and securities industry***

Against the backdrop of the deepening of the reform and development of the capital market, the multi-layered market system has been continuously improved, the financial system has accelerated its evolution towards direct financing, and the two-way opening of the market has been upgraded to a higher level. The adaptability and support of the capital market to the real economy has been continuously enhanced, and the breadth and depth of serving the real economy have been expanded significantly. In this context, the state encourages and guides securities companies to further replenish capital, enrich services functions, optimize incentive and restraint mechanisms, increase investments in technology and innovation, improve internationalization initiatives, strengthen compliance risk management and control, and proactively develop aircraft-carrier-class securities companies. Therefore, the transformation and development of securities companies has entered the fast lane.

The Company will actively align with national strategies, continuously consolidate its own capital strength and provide greater support for the real economy through capital utilization and business innovation. The Company will consolidate and give full play to the advantages of cross-border comprehensive financial services, accelerate integration into and promote the new development pattern of “dual circulation”. In addition, the Company will accelerate the transformation of wealth management and asset management business, and promote the diversification of asset allocation of residents based on multi-level capital markets, so as to seize the strategic opportunities from capital market reform and the development of the securities industry.

2. Enhancing core competitiveness and actively participating in international market competition

At present, the two-way opening of the financial industry continues to accelerate. In the face of competition from foreign financial institutions and cross-disciplinary institutions, local leading securities companies need to accelerate the pace of internationalization, actively participate in the international market. Local leading securities companies also need to increase digital transformation efforts, optimize their business models and improve their operational efficiency. Meanwhile, the deepening of capital market reform and the regulatory policy of supporting the superior and limiting the inferior promotes securities companies to accelerate differentiated development. The trends such as the continuous advancement of the registration system reform, the acceleration of the integration of institutional services, the transformation of the wealth management business, and the active development of the asset management business are accelerating the concentration of the securities industry. The leading securities companies with strong capital strength and outstanding synergies across the value chain will further strengthen competitive advantages.

The Issue will enhance the Company’s capital strength, narrow the capital gap with other domestic leading securities companies and international investment banks, accelerate the scalable development of the Company, expand domestic and overseas market networks and business layout and enable the Company to increase its capital investment to serve the comprehensive cross-border business needs of global customers. The Issue will consolidate and enhance the Company’s core competitiveness in aspects including specialized services, international businesses and digital transformation.

3. Accelerating business development, optimizing business layout, and laying the foundation for long-term development

As the securities industry is a capital-intensive industry, the business development and comprehensive service capabilities of securities companies are closely related to the scale of capital. Sufficient capital base will provide strong support for a securities company to expand its business scale, increase its business scope, optimize its profit model and establish its customer-focused business structure and professional service capabilities.

The Issue will further expand the Company's business development potential, promote the Company's capabilities to consolidate its existing advantages, expand business scales and accelerate the enhancement of emerging business. First, the proceeds raised from the Issue can support the innovation and expansion of capital businesses, as well as facilitate the Company's use of the balance sheet to provide customers with comprehensive services. Second, the Issue enables the Company to consolidate and expand the scale of its traditional advantageous businesses, enhance its business undertaking capabilities, and accelerate the development of emerging businesses. Third, the proceeds raised from the Issue can help the Company to further strengthen its investments in terms of Fin-tech and internationalization, to seize strategic M&A opportunities when appropriate, to accelerate digital development and transformation, and to enhance international market competitiveness and influence. The Issue will help the Company enhance the comprehensive service capabilities of the entire value chain, and achieve a balanced business strategic planning and a diversified income structure, laying a solid foundation for the long-term sustainable development of the Company.

4. Continuously meeting the regulatory requirements for net capital and improving the risk resistance capabilities

At present, China's securities regulatory commission implements the management of risk control indicators which focus on net capital and liquidity for securities companies. Capital strength represents the core competitiveness of securities companies and constitutes an important basis for resisting risk and achieving stable development. In accordance with the *Tentative Provisions for the Examination and Approval of the Business Scope of Securities Companies* (《證券公司業務範圍審批暫行規定》) promulgated by the CSRC in October 2008, when expanding the business scope, securities companies shall satisfy the prudential requirements, and "in the past one year, all risk control indicators shall be in continuous compliance with the standards, and after expansion of business scope, the net capital shall be in compliance with the standard". The *Decision on Amending the Administrative Measures for Risk Control Indicators of Securities Companies* (《關於修改<證券公司風險控制指標管理辦法>的決定》) revised and promulgated by the CSRC in June 2016 adjusted the calculation methods of net capital and risk capital reserves, adding the regulatory standard that the capital leverage ratio should not be lower than 8%, and clarifying the regulatory indicators requirements for specific business lines. In 2020, the Company was included in the scope of the first batch of consolidated regulatory pilot by the CSRC, which led to higher requirements for the Company's risk management capabilities.

In recent years, the Company has been in compliance with regulatory standards continuously in terms of major risk control indicators. However, as the Company has continuously developed and expanded new businesses and new products, the scale of domestic and overseas balance sheet business has continued to expand, and the pressure on major regulatory indicators such as leverage ratios has increased, resulting in higher demands for the scale of net capital and net assets. The Issue is in line with the Company's business

development strategies, helping to ensure that the Company will continue to meet regulatory requirements for net capital, further improve the Company's ability to resist risks, and provide effective safeguard for the Company to expand its business scale and accelerate its business development.

(II) Rationality of the Issue

1. The Issue is in compliance with the requirements under the relevant laws, regulations and prescriptive documents

Through the comprehensive governance and regulation, the Company has adopted a series of effective measures to strengthen its internal control. The Company currently has a well-established corporate governance structure, an effective and a sound internal control system and a risk monitoring system on a real-time basis, equipping the Company with relatively strong risk control capability and guaranteeing a strong safeguard for the continuous profitability of the Company in the future. Meanwhile, the Company has sound asset quality and financial conditions as well as sustainable profitability, which is in compliance with the provisions in relation to rights issue by listed companies as prescribed in laws, regulations and prescriptive documents such as the Company Law, the Securities Law, the *Administrative Measures for the Issuance of Securities by Listed Companies* (《上市公司證券發行管理辦法》), the *Q&A on Issuance Regulation – Regulatory Requirements on Guiding and Regulating the Financing Behaviors of Listed Companies (Revised)* (《發行監管問答–關於引導規範上市公司融資行為的監管要求(修訂版)》) and the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (《香港聯合交易所有限公司證券上市規則》) and meets the conditions for rights issue.

2. The Issue is in line with the directions of the national and industrial policies

In May 2014, the State Council promulgated *Several Opinions on Further Promoting the Healthy Development of Capital Market* (《關於進一步促進資本市場健康發展的若干意見》), proposing to encourage the securities business institutions to implement differentiated, professional and characteristic development and promote the formation of several modern investment banks with international competitiveness, brand influence and systemic importance.

In May 2014, the CSRC promulgated the *Opinions on Further Promoting the Innovative Development of Securities Operation Institutions* (《關於進一步推進證券經營機構創新發展的意見》), raising 15 opinions on further promoting the innovative development of securities business institutions in terms of, among others, broadening financing channels and supporting the equity and debt financing of securities business institutions.

In September 2014, the CSRC promulgated the *Notice on Encouraging Securities Companies to Further Replenish Capital* (《關於鼓勵證券公司進一步補充資本的通知》) and the Securities Association of China promulgated the *Guidelines on Capital Replenishment by Securities Companies* (《證券公司資本補充指引》), encouraging securities companies to replenish capital through multiple channels and removing and canceling the restrictive provisions for equity financing of securities companies, and requiring securities companies to place emphasis on capital replenishment, to carefully evaluate and calculate their potential business development scale for the next three years based on their own development strategies, and to make plans and arrangements in advance as to the scale and means of capital replenishment required under different stress scenarios. In principle, securities companies shall replenish their capital at least once within the next three years through listing by initial public offering and increase of share capital to ensure that the business scale matches their capital strength and that the companies' overall risk conditions match their risk tolerance capabilities. The aforesaid documents also clearly support securities companies to replenish their capital through issue of shares.

In June 2016 and March 2020, the CSRC revised the *Administrative Measures for Risk Control Indicators of Securities Companies* (《證券公司風險控制指標管理辦法》) and the supporting rules, enhancing the continuous effectiveness of risk control indicators through improving the net capital and risk capital provisions calculation formulas, so as to promote the sustainable, stable and healthy development of securities companies.

In June 2016 and January 2020, the CSRC promulgated and revised the *Provisions on the Calculation Basis for Risk Control Indicators of Securities Companies* (《證券公司風險控制指標計算標準規定》), improving the securities companies' risk control indicators system which is centered on net capital and liquidity, enhancing its guiding role on the capital allocation of securities companies and promoting the continuous and stable development of the securities industry.

In November 2019, the CSRC published the *Response Letter to Proposal No. 3353 (Cai Shui Jin Rong Lei No. 280) of the 2nd Meeting of the 13th Session of the National Committee of the Chinese People's Political Consultative Conference* (《關於政協十三屆全國委員會第二次會議第3353號(財稅金融類280號)提案答覆的函》), stipulating that it will continue to encourage and guide securities companies to replenish capital, enrich services and functions, optimize incentive and restraint mechanisms, increase investment in technology and innovation, improve international layouts, strengthen compliance risk management and control, and actively support all kinds of state-owned capital to inject capital into securities companies through subscription of preference shares, ordinary shares, convertible bonds and subordinated bonds, so as to promote the securities industry to become bigger and stronger.

As the regulatory standard focusing on net capital supervision has been deepened continuously, policies have been in place to support securities companies to improve their profitability, strengthen risk control, broaden financing channels and increase the proportion of direct financing and encourage securities companies to further replenish capital. With the rapid growth of business scale and the continuous expansion of emerging businesses, the current net capital scale of the Company can no longer satisfy the business development needs of the Company in the future and meet the regulatory requirements. The Issue of the Company is in line with the CSRC's measures to encourage securities companies to further replenish capital and the directions of the state's industrial policies.

IV. Relationship Between the Investment Projects with the Proceeds from the Issue and the Existing Business of the Company

The Company is the first Sino-foreign joint venture investment bank in the PRC, providing comprehensive, one-stop and all-round investment banking services for domestic and foreign corporations, institutions and individual clients, services of which include investment banking business, equities business, FICC business, asset management business, private equity business, wealth management business and other businesses. The total proceeds from the Issue are expected to be no more than RMB27 billion, which, after deduction of issuance expenses, will be used for replenishing the capital for supporting various business developments and replenishing other working capital. Upon completion of the Issue, the principal businesses of the Company will remain unchanged, and its capital strength will be further enhanced, which can help the Company expand the business scale, enhance the comprehensive strength in domestic and overseas markets, and improve its overall profitability and risk resistance ability.

V. Preparations Made by the Company in terms of Personnel, Technology, Market and Other Aspects to be Involved in the Projects Invested with the Proceeds

In terms of the personnel preparation, the Company attaches great importance to building talent pools and has high-quality management and domestic and foreign workforce. The Company's senior management team has rich experience regarding domestic and overseas capital markets and the securities industry, most members of which have work experience in reputable domestic and overseas financial institutions, and they take the lead in the development of new markets and new businesses. The Company continues to attract the outstanding graduates from local and overseas universities as well as high-quality talents in the industry. The Company has established a comprehensive and systematic staff development and training system to continuously enhance professional capabilities of our workforce. Meanwhile, the Company draws on international experience to establish a talent selection and cultivation mechanism, thereby maintaining a large number of outstanding talents to support the long-term sustainable development of the Company.

In terms of the technology preparation, the Company has a sound IT governance structure and self-developed core business systems and platforms. The Company has developed three foundational technology systems regarding basic transactions, products and services, and risk control and operation management, which can provide clients and various business units with complicated whole-process and end-to-end financial products and services as well as support of comprehensive business operation and management capabilities. In recent years, the Company has continued to increase resource investment in information technologies, improved the construction of information system infrastructure, optimized the organizational structure and operating model, and proactively explored the application of new technologies in various business areas, so as to promote the integration of businesses and technologies and fully improve the Company's online and digital operation and management level.

In terms of the market preparation, as of the end of June 2022, the Company has a total of 220 securities business offices in 30 provinces, autonomous regions and municipalities in China and has branches in seven international financial centres, namely Hong Kong (China), New York, London, Singapore, San Francisco, Frankfurt and Tokyo. The Company has a high-quality and extensive corporate, institutional and wealth customer base. The Company has established long-term cooperation with customers and provided them with comprehensive, customized and cross-border products and services. In recent years, the Company has been committed to improving its core competitiveness in terms of business capabilities, network layout, customer base and brand influence, speeding up efforts to invest in innovative businesses, promoting forward-looking and balanced business structure, and striving to expand revenue scale and increase market share.

VI. Key Measures Adopted by the Company in Response to the Dilution of Immediate Returns Resulting from the Rights Issue

In view of the fact that the immediate returns may be diluted as a result of the Rights Issue, the Company will follow and adopt the following principles and measures to make effective use of the proceeds raised from the Rights Issue to further improve the Company's operating efficiency, strengthen its risk management, and effectively protect the interests of the Company's shareholders, especially the minority shareholders, with special focus on the shareholders' medium- and long-term returns.

(I) Continuously promoting comprehensive business development and creating greater value for customers and shareholders

While promoting the steady growth of its traditional advantageous business, the Company will actively expand emerging business opportunities represented by the STAR Market, private equity, wealth management and etc., support the innovation of capital businesses such as prime brokerage, derivatives, FICC products and etc., make full use of its strong capabilities in using balance sheet and serving the customers' high-end and complex business needs to promote

all-round business development, and create greater value for its customers and shareholders by providing its customers with a full range of financial services, constantly expanding business areas, and exploring new profit growth drivers.

(II) Strengthening the supervision on the use of proceeds and standardizing the use of proceeds

The Company has formulated the *Measures for Management of Raised Funds of China International Capital Corporation Limited* according to the requirements of the relevant laws, regulations and prescriptive documents including the Company Law, the Securities Law, the *Administrative Measures for the Issuance of Securities by Listed Companies* (《上市公司證券發行管理辦法》), the *Guidelines No. 2 on the Supervision and Administration of Listed Companies – Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies* (《上市公司監管指引第2號—上市公司募集資金管理和使用的監管要求》) and the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange* (《上海證券交易所股票上市規則》) as well as the relevant provisions under the *Articles of Association of China International Capital Corporation Limited* (the “**Articles of Association**”), which set forth clear rules for the special account deposit, use of proceeds, changes in investment plans, management and supervision of use of proceeds in order to ensure that the use of the proceeds is reasonable and standardized. The Company will use scientific and standardized management methods, adhere to the principle of stability, and strictly control and manage risks, as well as optimize asset allocation and improve the efficiency of the use of funds on the basis of ensuring the safety of the Company’s funds.

(III) Consolidating and improving the use of the balance sheet and improving operating efficiency and profitability

The Company will further improve the balance sheet business strategic plan, comprehensively strengthen the utilization of the balance sheet by various business lines, and focus on the development of businesses and products that meet the requirements of the Company’s strategy and business transformation and upgrading in response to the customers’ needs. In the process of developing new products and carrying out new businesses, the Company will abide by its asset-liability management system and process, and take the initiative to strengthen the comprehension of the risk degree, income level, occupation of regulatory indicators, investment period, liquidity and other characteristics of assets to help optimize the allocation of its balance sheet and improve profitability. Meanwhile, the Company will strengthen cost management and budget implementation supervision, and comprehensively and effectively improve the efficiency of operation and management.

(IV) Strengthening risk management measures and promoting the healthy and stable development of the Company

The Company will continue to advance the construction of a comprehensive risk management system, constantly improve its risk management capabilities in the areas including credit risk, market risk, operational risk and liquidity risk, and strengthen risk prevention and control in the key areas. The Company will continue to optimize the risk identification, measurement, monitoring, handling and reporting in the key areas, so as to comprehensively improve the Company's risk management capabilities and promote the healthy and steady development of the Company.

(V) Improving cash dividend policy and strengthening investor return mechanism

The Company has improved its cash dividend policy in accordance with the requirements of the CSRC's *Notice on Further Implementing Matters concerning Cash Dividends of Listed Companies* (《關於進一步落實上市公司現金分紅有關事項的通知》), *the Guidelines No. 3 on the Supervision and Administration of Listed Companies – Distribution of Cash Dividends of Listed Companies* (《上市公司監管指引第3號—上市公司現金分紅》) and the actual situation of the Company, and has made institutional arrangements for its profit distribution policies in the Articles of Association and other documents. The Company will continue to maintain the continuity and stability of the profit distribution policy, attach importance to reasonable investment returns to the investors, strengthen the protection of investors' rights and interests, while taking into account the overall interests of all shareholders and the Company's sustainable development.

(VI) Continuously improving corporate governance and providing institutional safeguard for the Company's development

The Company will strictly follow the requirements of laws and regulations such as the Company Law, the Securities Law, the *Code of Corporate Governance for Listed Companies* (《上市公司治理準則》), the *Rules for Governance of Securities Companies* (《證券公司治理準則》), the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange* (《上海證券交易所股票上市規則》), and the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (《香港聯合交易所有限公司證券上市規則》) and continuously improve the corporate governance structure to ensure that the shareholders can fully exercise their rights, that the board of directors can perform its functions and exercise its powers in accordance with the laws and regulations and the Articles of Association and make scientific, prompt and prudent decisions, and that the independent non-executive directors can earnestly perform their duties and protect the Company's overall interests, and especially the legitimate rights and interests of its minority shareholders, and provide institutional safeguard for the development of the Company.

VII. Undertakings by the Directors and Senior Management of the Company in Relation to the Remedial Measures for Dilution of Immediate Returns Resulting from the Rights Issue

In accordance with the requirements of laws, regulations and prescriptive documents such as the *Opinions of the General Office of the State Council on Further Strengthening the Work of Protection of the Rights and Interests of Minority Investors in Capital Market* (Guo Ban Fa [2013] No. 110) (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110號)), the *Opinions of the State Council on Further Promoting the Sound Development of the Capital Market* (Guo Fa [2014] No. 17) (《國務院關於進一步促進資本市場健康發展的若干意見》(國發[2014]17號)), and the *Guidance Opinion on Matters Pertaining to Dilution of Return for the Immediate Period Resulting from Initial Offering and Follow-on Offerings or Material Asset Restructuring* (CSRC Announcement [2015] No. 31) (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》(證監會公告[2015]31號)), the directors and senior management of the Company will undertake to faithfully and diligently perform their duties and safeguard the legitimate rights and interests of the Company and all the shareholders, and will make the following undertakings to ensure that the remedial measures for dilution of immediate returns resulting from the Rights Issue can be effectively implemented according to the relevant regulations of the regulatory authorities:

- (I) Undertaking not to transfer any benefit to other entities or individuals without consideration or with unfair conditions, nor otherwise damage the interests of the Company through any other means.
- (II) Undertaking to regulate their own expenditures during their performance of duties.
- (III) Undertaking not to use any assets of the Company for any investment or consumption activity which is unrelated to their performance of duties.
- (IV) Undertaking to proactively promote that the remuneration policy formulated by the board of directors or the remuneration committee shall be linked with the implementation of the Company's remedial measures on recovering dilution of returns of the Company.
- (V) Undertaking to, in the case of introducing any equity incentive scheme (if any), proactively support that the vesting conditions of the equity incentives shall be linked with the implementation of the Company's remedial measures on recovering dilution of returns of the Company.
- (VI) Undertaking that, if the regulatory authorities make other detailed provisions on the remedial measures for diluted immediate returns and its undertakings prior to completion of the Issue, and if the above undertakings fail to meet such detailed requirements of the regulatory authorities, supplementary undertakings shall be made in accordance with the relevant provisions at that time.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP FOR THE THREE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021 AND FOR THE SIX MONTHS ENDED JUNE 30, 2022

I. Financial Summary

Set out below is a summary of the consolidated financial information of the Group for each of the three years ended December 31, 2019, December 31, 2020 and December 31, 2021, and for the six months ended June 30, 2022. The financial information for the years ended December 31, 2019, December 31, 2020 and December 31, 2021 are extracted from the annual reports of the Company for the year ended December 31, 2019 (the “**2019 Annual Report**”), December 31, 2020 (the “**2020 Annual Report**”) and December 31, 2021 (the “**2021 Annual Report**”) respectively, and the financial information for the six months ended June 30, 2022 are extracted from the interim report of the Company for the six months ended June 30, 2022 (the “**2022 Interim Report**”). The aforementioned financial information are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

	For the six months ended June 30, 2022 RMB <i>Unaudited</i>	For the year ended December 31, 2021 RMB <i>Audited</i>	For the year ended December 31, 2020 RMB <i>Audited</i>	For the year ended December 31, 2019 RMB <i>Audited</i>
Total revenue	17,300,988,278	41,461,160,191	34,418,211,225	22,491,883,117
Other income/(losses), net	350,060,393	(496,738,413)	(2,016,384,259)	290,627,436
Total revenue and other income	17,651,048,671	40,964,421,778	32,401,826,966	22,782,510,553
Total expenses	13,148,602,681	28,133,869,112	23,656,352,705	17,541,281,952
Profit before income tax	4,518,407,548	12,978,112,859	8,712,682,287	5,301,631,682
Less: Income tax expense	668,873,137	2,168,191,190	1,450,542,933	1,053,804,852
Profit attributable to:				
Shareholders of the Company	3,841,640,437	10,777,713,147	7,207,452,452	4,238,719,317
Non-controlling interests	7,893,974	32,208,522	54,686,902	9,107,513
Total comprehensive income attributable to:				
Shareholders of the Company	4,425,680,854	10,543,674,942	6,337,924,676	4,553,058,404
Non-controlling interests	7,893,974	32,208,522	54,686,902	9,107,513
Dividends	–	1,448,177,060	868,906,236	–
Dividends per share (expressed in RMB per share)	–	0.30	0.18	–
Earnings per share for profit attributable to shareholders of the Company				
– Basic earnings per share (expressed in RMB per share)	0.74	2.16	1.60	0.99

Save as disclosed above, there are no other items of income or expenses which are material for each of the three years ended December 31, 2019, 2020 and 2021, and the six months ended June 30, 2022.

The consolidated financial statements of the Group for the three years ended December 31, 2019, 2020 and 2021 were audited by Deloitte Touche Tohmatsu. No modified opinion, emphasis of matter or material uncertainty related to going concern was given by the auditors of the Group in respect of the Group's audited consolidated financial statements for the three years ended December 31, 2019, 2020 and 2021.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE THREE YEARS ENDED DECEMBER 31, 2019, 2020 AND 2021

The Company is required to set out or refer to in this circular the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of financial position, the consolidated statements of cash flows, and any other primary statements for the three years ended December 31, 2019, 2020 and 2021 as shown in the (i) audited consolidated financial statements of the Group for the year ended December 31, 2019; (ii) audited consolidated financial statements of the Group for the year ended December 31, 2020; and (iii) audited consolidated financial statements of the Group for the year ended December 31, 2021, together with the significant accounting policies and any points from the notes to the relevant published accounts which are of major relevance to an appreciation of the above financial information.

The audited consolidated financial statements of the Group for the year ended December 31, 2019 (the “**2019 Financial Statements**”) are set out from pages 178 to 332 in the 2019 Annual Report which was published on April 24, 2020. The 2019 Annual Report is available on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cicc.com>) and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0424/2020042400671.pdf>

The audited consolidated financial statements of the Group for the year ended December 31, 2020 (the “**2020 Financial Statements**”) are set out from pages 198 to 354 in the 2020 Annual Report which was published on April 26, 2021. The 2020 Annual Report is available on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cicc.com>) and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0426/2021042600364.pdf>

The audited consolidated financial statements of the Group for the year ended December 31, 2021 (the “**2021 Financial Statements**”) are set out from pages 208 to 367 in the 2021 Annual Report which was published on April 20, 2022. The 2021 Annual Report is available on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cicc.com>) and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0420/2022042000376.pdf>

The 2019 Financial Statements, 2020 Financial Statements and 2021 Financial Statements are incorporated by reference into this circular and form part of this circular.

3. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED JUNE 30, 2022

The Company is required to set out or refer to in this circular the condensed consolidated statement of profit or loss, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statements of financial position, the condensed consolidated statement of cash flows, and any other primary statements as shown in the unaudited financial results of the Group for the six months ended June 30, 2022, together with the significant accounting policies and any points from the notes to the relevant published accounts which are of major relevance to an appreciation of the above financial information.

The unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2022 (the “**2022 Interim Financial Statements**”) are set out from pages 112 to 206 in the 2022 Interim Report which was published on September 9, 2022 on the websites of the Company (<http://www.cicc.com>) and the Stock Exchange (<http://www.hkexnews.hk>) and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0909/2022090900297.pdf>. The 2022 Interim Financial Statements are incorporated by reference into this circular and form part of this circular.

4. STATEMENT OF INDEBTEDNESS

As at the close of business on June 30, 2022, being the latest practicable date for the purpose of the statement of indebtedness of the Group prior to the printing of the circular, the total indebtedness of the Group was as follows:

	<i>RMB'000,000</i>
Financial bonds – unsecured and unguaranteed	
– Amount in issue	2,500
Corporate bonds publicly issued to qualified/professional investors – unsecured and unguaranteed	
– Amount in issue	68,500
– Amount to issue pursuant to approval	31,000
	<u>99,500</u>
Non-public corporate bonds – unsecured and unguaranteed	
– Amount in issue	34,000
Short-term corporate bonds publicly issued to professional investors – unsecured and unguaranteed	
– Amount in issue	5,000
– Amount to issue pursuant to approval	5,000
	<u>10,000</u>

	<i>RMB'000,000</i>
Subordinated bonds – unsecured and unguaranteed	
– Amount in issue	21,500
– Amount to issue pursuant to approval	21,000
	<u>42,500</u>
Overseas debts – unsecured and unguaranteed	
– Amount to issue pursuant to approval	3,356
Overseas debts – unsecured and guaranteed	
– Amount in issue	25,833
– Amount to issue pursuant to approval	16,107
	<u>41,940</u>
Beneficiary certificates – unsecured and unguaranteed	
– Amount in issue	13,897
Commercial papers – unsecured and unguaranteed	
– Amount to issue pursuant to approval	13,400
Bank overdrafts – unsecured and unguaranteed	0
Bank borrowings – unsecured and unguaranteed	11,659
Bank borrowings – unsecured and guaranteed	1,511
Lease liabilities – secured and unguaranteed (<i>note 1</i>)	2,082
	<u><u>276,345</u></u>

Note 1: Secured by rental deposits

Save as disclosed above, as at June 30, 2022, the Group did not have any issued and outstanding or created but unissued debt securities, or outstanding term loans, other borrowings, indebtedness, mortgages, charges, guarantees or contingent liabilities.

5. MATERIAL CHANGE

Save and except for the proposed Rights Issue Plan, which is expected to raise total proceeds of no more than RMB27 billion (the specific size depends on the market conditions at the time of issuance) for replenishing the capital for supporting various business developments and replenishing other working capital after deduction of relevant issuance expenses, the Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since December 31, 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statements in this circular misleading.

2. MARKET PRICE

The table below shows the closing prices of the H Shares as quoted on the Hong Kong Stock Exchange and the A Shares as quoted on the SSE (i) on the last trading day of each of the six calendar months immediately preceding the date of the Announcement and up to the Latest Practicable Date; (ii) on the last trading day immediately preceding the date of the Announcement; (iii) on the date of the Announcement; and (iv) on the Latest Practicable Date.

Date	Closing price per H Share HK\$	Closing price per A Share RMB
March 31, 2022	17.48	41.61
April 29, 2022	15.92	37.48
May 31, 2022	14.94	38.50
June 30, 2022	16.72	44.49
July 29, 2022	14.42	42.41
August 31, 2022	13.86	41.70
September 9, 2022 (<i>being the last trading day immediately preceding the date of the Announcement</i>)	14.36	42.70
September 13, 2022 (<i>being the date of the Announcement</i>)	14.34	42.95
September 27, 2022 (<i>being the Latest Practicable Date</i>)	12.04	36.15

During the Relevant Period, the highest closing price of the H Shares as quoted on the Hong Kong Stock Exchange was HK\$18.32 on April 8, 2022, and the lowest closing price of the H Shares as quoted on the Hong Kong Stock Exchange was HK\$11.98 on September 26, 2022.

During the Relevant Period, the highest closing price of the A Shares as quoted on the SSE was RMB46.77 on June 27, 2022, and the lowest closing price of the A Shares as quoted on the SSE was RMB35.67 on September 26, 2022.

3. SHARE CAPITAL OF THE COMPANY

The registered and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue assuming (i) the Rights Issue is conducted on the basis of three (3) Rights Shares for every ten (10) existing Shares and the Rights Shares are fully subscribed and (ii) there is no other change in the issued share capital of the Company from the Latest Practicable Date up to the completion of the Rights Issue are set out below:

As at the Latest Practicable Date:

	Number of Shares
A Shares	2,923,542,440
H Shares	<u>1,903,714,428</u>
Total	<u><u>4,827,256,868</u></u>

Immediately after completion of the Rights Issue

	Number of Shares
A Shares	3,800,605,172
H Shares	<u>2,474,828,756</u>
Total	<u><u>6,275,433,928</u></u>

All A Shares currently in issue rank *pari passu* in all aspects with each other including, in particular, as to dividends, voting rights and capital. The A Rights Shares to be issued under the A Share Rights Issue Plan when issued and fully paid, shall rank *pari passu* in all aspects amongst themselves with the A Shares in issue at the time of the issuance of such A Shares including, in particular, as to dividends, voting rights and capital. Holder of fully paid A Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the A Rights Shares.

All H Shares currently in issue rank *pari passu* in all aspects with each other including, in particular, as to dividends, voting rights and capital. The H Rights Share to be issued under the H Shares Rights Issue Plan when issued and fully paid, shall rank *pari passu* in all aspects amongst themselves with the H Shares in issue at the time of the issuance of such H Shares including, in particular, as to dividends, voting rights and capital.

Since December 31, 2021 (being the end of the last financial year of the Company) and up to the Latest Practicable Date, no new Shares have been issued by the Company.

As at the Latest Practicable Date, other than the 2,923,542,440 A Shares and 1,903,714,428 H Shares in issue, the Company has no outstanding warrants, options or securities convertible into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

4 DISCLOSURE OF INTEREST IN THE SHARES

- (a) Interests of Directors, supervisors and chief executive of the Company in the securities of the Company and the securities of the associated corporation of the Company

As at the Latest Practicable Date, save as disclosed below, none of the Directors, supervisors or chief executive of the Company had any interests and short positions in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO); (ii) to be entered in the register required to be kept pursuant to section 352 of the SFO; (iii) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers is set out in Appendix 10 to the Listing Rules; or (iv) to be disclosed in accordance with the Takeovers Code:

Name	Class of Shares	Capacity/ Nature of Interest	Number of securities/Type of positions held	Percentage of the total issued share capital as at the Latest Practicable Date	Percentage of the total number of the relevant class of Shares as at the Latest Practicable Date
Huang Zhaohui	H Shares	Others (Note 1)	7,240,173/ Long positions	0.15%	0.38%

Note:

1. Mr. Huang Zhaohui, a Director of the Company, in the capacity as an investor, is indirectly interested in 7,240,173 H Shares through his holding of shares in fund and asset management plan, of which such shares will not entitle Mr. Huang Zhaohui to vote on matters in relation to the management of such fund and asset management plan. The voting rights in such H Shares are not controlled by Mr. Huang Zhaohui, but are exercised by manager of such fund and asset management plan.

(b) Interests of substantial shareholders in the securities of the Company

As at the Latest Practicable Date, save as disclosed below, so far as it was known to the Board, no persons (other than being a Director, supervisor or chief executive of the Company) had an interest or a short position in the Shares or underlying shares and debentures of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange:

Name	Class of Shares	Capacity/ Nature of Interest	Number of securities/Type of positions held	Percentage of the total issued share capital as at the Latest Practicable Date	Percentage of the total number of the relevant class of shares as at the Latest Practicable Date
Central Huijin (Note 1)	A Shares	Beneficial owner	1,936,155,680/Long positions	40.11%	66.23%
		Interest of controlled corporation	2,734,800/Long positions	0.06%	0.09%
Haier Group Corporation (Note 2)	A Shares	Interest of controlled corporation	304,950,000/Long positions	6.32%	10.43%
Alibaba Group Holding Limited (Note 3)	H Shares	Interest of controlled corporation	202,844,235/Long positions	4.20%	10.66%
	A Shares	Interest of controlled corporation	13,757,670/Long positions	0.28%	0.47%
Tencent Holdings Limited (Note 4)	H Shares	Interest of controlled corporation	216,249,059/Long positions	4.48%	11.36%

Notes:

- Each of China Jianyin Investment Limited, JIC Investment Co., Ltd. and China Investment Consulting Co., Ltd. is directly or indirectly wholly owned by Central Huijin. Therefore, Central Huijin is deemed to be interested in 2,734,800 A Shares held by China Jianyin Investment Limited, JIC Investment Co., Ltd. and China Investment Consulting Co., Ltd. for the purpose of the SFO.
- Each of Haier Cosmo Shareholding Company (as the sole member of Haier Group (Qingdao) Jinying Holding Co., Ltd.), Qingdao Haichuangke Management Consulting Enterprise (Limited Partnership) (holding 48.8% interest in Haier Cosmo Shareholding Company), Haier Group Corporation (holding 51.2% interest in Haier Cosmo Shareholding Company) and Qingdao Haichuangke Investment Management Co., Ltd. (as general partner of Qingdao Haichuangke Management Consulting Enterprise (Limited Partnership) and a member holding its 0.5% interest) is deemed to be interested in the A Shares held by Haier Group (Qingdao) Jinying Holding Co., Ltd. under the SFO.

3. Des Voeux Investment Company Limited held 202,844,235 H Shares of the Company. Des Voeux Investment Company Limited is wholly owned by Alibaba Group Treasury Limited, which is wholly owned by Alibaba Group Holding Limited. Therefore, Alibaba Group Treasury Limited and Alibaba Group Holding Limited are deemed to be interested in 202,844,235 H Shares held by Des Voeux Investment Company Limited under the SFO. In addition, Alibaba (China) Network Technology Co., Ltd. held 13,757,670 A Shares of the Company. Alibaba (China) Network Technology Co., Ltd. is wholly owned by Alibaba Group Holding Limited. Therefore, Alibaba Group Holding Limited is deemed to be interested in 13,757,670 A Shares held by Alibaba (China) Network Technology Co., Ltd. under the SFO.
4. Tencent Mobility Limited, directly interested in 216,249,059 H Shares, is a wholly-owned subsidiary of Tencent Holdings Limited, which is therefore deemed to be interested in the H Shares held by Tencent Mobility Limited.

5. DIRECTORS' SERVICE CONTRACTS

Each of Mr. Ng Kong Ping Albert and Mr. Lu Zhengfei has entered into a service contract with the Company within six months before the date of the Announcement for a term of office which shall take effect from the date of approval of their respective appointments by the shareholders' general meeting (being June 23, 2022), until the date of expiration of the term of office of the second session of the Board, provided that such contract shall remain effective in the event of their respective re-election as director.

Each of Mr. Ng Kong Ping Albert and Mr. Lu Zhengfei shall receive director fees (i.e. RMB600,000 (tax inclusive) per annum, an additional RMB25,000 (tax inclusive) per annum for each position as member of each special committee of the Board and an additional RMB50,000 (tax inclusive) per annum for each position as chairman of each special committee of the Board) and meeting fees in accordance with the directors' remuneration package approved by the shareholders' general meeting of the Company. In addition, the expenses arising from attending the Board meetings, the shareholders' general meetings and relevant performance of their duties as Directors shall be borne by the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into any existing service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) have been entered into or amended within six months before the date of the Announcement; (ii) are continuous contracts with a notice period of 12 months or more; (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period; or (iv) is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the members of the Group were engaged in any litigation or arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business carried on or intended to be carried on by the members of the Group) have been entered into by members of the Group within the two years immediately preceding the date of the Announcement and up to and including the Latest Practicable Date, which are or may be material:

- (a) the supplemental agreement dated September 15, 2020 in respect of the underwriting agreement for the A Share offering of the Company entered into between the Company, Orient Securities Investment Banking Co., Ltd. (東方證券承銷保薦有限公司), China Galaxy Securities Co., Ltd. (中國銀河證券股份有限公司), Shenwan Hongyuan Financing Services Co., Ltd. (申萬宏源證券承銷保薦有限責任公司), BOC International (China) Co., Ltd. (中銀國際證券股份有限公司) and Ping An Securities Co., Ltd. (平安證券股份有限公司), pursuant to which the Company agreed to pay 1.05% of the total subscription amount under the A Shares offering as the total underwriting fees to the joint lead underwriters in connection with the A Share offering of the Company;
- (b) the strategic investor subscription agreement dated September 17, 2020 entered into between the Company and China State-owned Enterprises Structural Adjustment Fund Co., Ltd.* (中國國有企業結構調整基金股份有限公司) (the “**Subscriber 1**”), pursuant to which the Subscriber 1 agreed to subscribe for the A Shares to be offered under the A Shares offering of the Company in the amount of RMB450 million;
- (c) the strategic investor subscription agreement dated September 17, 2020 entered into between the Company and China Reform Investment Co., Ltd.* (國新投資有限公司) (the “**Subscriber 2**”), pursuant to which the Subscriber 2 agreed to subscribe for the A Shares to be offered under the A Shares offering of the Company in the amount of RMB450 million;
- (d) the strategic investor subscription agreement dated September 17, 2020 entered into between the Company and Alibaba (China) Internet Technology Co., Ltd.* (阿里巴巴(中國)網絡技術有限公司) (the “**Subscriber 3**”), pursuant to which the Subscriber 3 agreed to subscribe for the A Shares to be offered under the A Shares offering of the Company in the amount of RMB400 million;
- (e) the strategic investor subscription agreement dated September 15, 2020 entered into between the Company and Abu Dhabi Investment Authority (the “**Subscriber 4**”), pursuant to which the Subscriber 4 agreed to subscribe for the A Shares to be offered under the A Shares offering of the Company in the amount of RMB400 million;

- (f) the strategic investor subscription agreement dated September 17, 2020 entered into between the Company and Bosera Asset Management Co., Ltd.* (博時基金管理有限公司) (for and on behalf of the National Social Security Fund Portfolio 108* (全國社會保障基金一零八組合)) (the “**Subscriber 5**”), pursuant to which the Subscriber 5 agreed to subscribe for the A Shares to be offered under the A Shares offering of the Company in the amount of RMB300 million;
- (g) the strategic investor subscription agreement dated September 17, 2020 entered into between the Company and E Fund Management Co., Ltd.* (易方達基金管理有限公司) (for and on behalf of the National Social Security Fund Portfolio 601* (全國社會保障基金六零一組合)) (the “**Subscriber 6**”), pursuant to which the Subscriber 6 agreed to subscribe for the A Shares to be offered under the A Shares offering of the Company in the amount of RMB300 million;
- (h) the strategic investor subscription agreement dated September 17, 2020 entered into between the Company and China Life Insurance Co., Ltd. (中國人壽保險股份有限公司) (the “**Subscriber 7**”), pursuant to which the Subscriber 7 agreed to subscribe for the A Shares to be offered under the A Shares offering of the Company in the amount of RMB300 million;
- (i) the strategic investor subscription agreement dated September 17, 2020 entered into between the Company and Brunei Investment Agency (the “**Subscriber 8**”), pursuant to which the Subscriber 8 agreed to subscribe for the A Shares to be offered under the A Shares offering of the Company in the amount of RMB300 million;
- (j) the strategic investor subscription agreement dated September 17, 2020 entered into between the Company and First Motor Equity Investment (Tianjin) Co., Ltd.* (一汽股權投資(天津)有限公司) (the “**Subscriber 9**”), pursuant to which the Subscriber 9 agreed to subscribe for the A Shares to be offered under the A Shares offering of the Company in the amount of RMB200 million;
- (k) the strategic investor subscription agreement dated September 17, 2020 entered into between the Company and China Taiping Life Insurance Co., Ltd. (太平人壽保險有限公司) (the “**Subscriber 10**”), pursuant to which the Subscriber 10 agreed to subscribe for the A Shares to be offered under the A Shares offering of the Company in the amount of RMB200 million;
- (l) the strategic investor subscription agreement dated September 17, 2020 entered into between the Company and Hwabao Investment Co., Ltd. (華寶投資有限公司) (the “**Subscriber 11**”), pursuant to which the Subscriber 11 agreed to subscribe for the A Shares to be offered under the A Shares offering of the Company in the amount of RMB120 million;

- (m) the strategic investor subscription agreement dated September 17, 2020 entered into between the Company and COFCO Corporation (中糧集團有限公司) (the “**Subscriber 12**”), pursuant to which the Subscriber 12 agreed to subscribe for the A Shares to be offered under the A Shares offering of the Company in the amount of RMB120 million;
- (n) the strategic investor subscription agreement dated September 17, 2020 entered into between the Company and Angang Group Capital Co., Ltd.* (鞍鋼集團資本控股有限公司) (the “**Subscriber 13**”), pursuant to which the Subscriber 13 agreed to subscribe for the A Shares to be offered under the A Shares offering of the Company in the amount of RMB120 million;
- (o) the strategic investor subscription agreement dated September 17, 2020 entered into between the Company and Shanghai Airport Investment Co., Ltd.* (上海機場投資有限公司) (the “**Subscriber 14**”), pursuant to which the Subscriber 14 agreed to subscribe for the A Shares to be offered under the A Shares offering of the Company in the amount of RMB100 million;
- (p) the strategic investor subscription agreement dated September 17, 2020 entered into between the Company and Sichuan Jiaotou Chanrong Co., Ltd.* (四川交投產融控股有限公司) (the “**Subscriber 15**”), pursuant to which the Subscriber 15 agreed to subscribe for the A Shares to be offered under the A Shares offering of the Company in the amount of RMB80 million;
- (q) the strategic investor subscription agreement dated September 17, 2020 entered into between the Company and Hunan Province Caixin Industry Fund Management Co., Ltd.* (湖南省財信產業基金管理有限公司) (the “**Subscriber 16**”), pursuant to which the Subscriber 16 agreed to subscribe for the A Shares to be offered under the A Shares offering of the Company in the amount of RMB80 million; and
- (r) the strategic investor subscription agreement dated September 17, 2020 entered into between the Company and Shanxi Province Economic Development Investment Group Co., Ltd.* (山西省經濟建設投資集團有限公司) (the “**Subscriber 17**”), pursuant to which the Subscriber 17 agreed to subscribe for the A Shares to be offered under the A Shares offering of the Company in the amount of RMB80 million.

8. EXPERT

The following is the qualification of the expert who have given its opinions, letters, or advice which are contained in this circular:

Name	Qualification
Somerley Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its opinions, letters or advice and reference to its name in the form and context in which they respectively appear.

9. ARRANGEMENT IN CONNECTION WITH THE RIGHTS ISSUE

As at the Latest Practicable Date,

- (a) no agreement, arrangement or understanding (including any compensation arrangement) exists between Central Huijin or its concert parties and any of the Directors, recent directors of the Company, Shareholders or recent shareholders of the Company having any connection with or dependence upon the Rights Issue and the Whitewash Waiver;
- (b) there was no material contract entered into by Central Huijin in which any Director has a material personal interest;
- (c) there was no agreement, arrangement or understanding pursuant to which the Rights Shares to be subscribed by Central Huijin under the Rights Issue would be transferred, charged or pledged to any other persons;
- (d) there was no benefit to be given to any Director as compensation for loss of office or otherwise in connection with the Rights Issue and the Whitewash Waiver; and
- (e) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of, or otherwise connected with, the Rights Issue and the Whitewash Waiver.

10. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS PURSUANT TO THE TAKEOVERS CODE

As at the Latest Practicable Date, other than the holdings of the Shares and the Rights Shares which may be subscribed for as disclosed in the section headed “Shareholding Structure of the Company and Scenario Analyses”, Central Huijin confirms that:

- (a) none of the directors of Central Huijin was interested (within the meaning of Part XV of the SFO) in any Shares or convertible securities, warrants, options or derivatives in respect of the Shares;
- (b) none of Central Huijin or its concert parties owned or controlled any Shares or convertible securities, warrants, options and derivatives in respect of the Shares;
- (c) none of Central Huijin or its concert parties has received any irrevocable commitment from any person to vote for or against the Whitewash Waiver Resolutions to be proposed at the General Meeting;
- (d) save for the undertakings as described in the sections headed “Shareholders’ Undertaking in relation to the Offered Rights Shares” and “Shareholders’ Lock-up Undertaking”, none of Central Huijin or its concert parties had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any person;
- (e) none of Central Huijin or its concert parties has borrowed or lent any Shares or convertible securities, warrants, options and derivatives in respect of the Shares;
- (f) save for the subscription price for the Rights Shares which may be payable under the Rights Issue, none of Central Huijin or its concert parties has paid or will pay any other considerations, compensations or benefits in whatever form to the Company or its concert parties in relation to the Rights Issue Plan;
- (g) none of Central Huijin or its concert parties has entered into any understanding, arrangement or agreement which constitutes special deal (as defined under Rule 25 of the Takeovers Code) with any of the Shareholders;
- (h) other than the Rights Shares which may be subscribed for, none of Central Huijin or its concert parties will make any acquisitions or disposals of voting rights in the Company which constitute disqualifying transactions (within the meaning of the Takeovers Code) in the period between the date of the Announcement and the completion of the Rights Issue Plan;
- (i) save for the Rights Issue Plan and the undertakings as described in the sections headed “Shareholders’ Undertaking in relation to the Offered Rights Shares” and “Shareholders’ Lock-up Undertaking”, there is no arrangement (whether by way of

option, indemnity or otherwise) in relation to the Shares or shares of any of Central Huijin and its concert parties and which might be material to the transactions contemplated under the Rights Issue Plan or the Whitewash Waiver; and

- (j) save for the undertakings as described in the sections headed “Shareholders’ Undertaking in relation to the Offered Rights Shares” and “Shareholders’ Lock-up Undertaking”, there are no agreements or arrangements to which Central Huijin is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition under the Rights Issue Plan or the Whitewash Waiver.

As at the Latest Practicable Date, other than the holdings of the Shares and the Rights Shares which may be subscribed for as disclosed in the section headed “Shareholding Structure of the Company and Scenario Analyses”, the Company confirms that:

- (a) none of the Company, its subsidiaries or associated companies has entered into any understanding, arrangement or agreement which constitutes special deal (as defined under Rule 25 of the Takeovers Code) with any of the Shareholders;
- (b) the Company did not own any equity interests or convertible securities, warrants, options and derivatives in respect of the equity interests of Central Huijin;
- (c) none of the Directors had any interest (within the meaning of Part XV of the SFO) in any equity interests or convertible securities, warrants, options and derivatives in respect of the equity interests of Central Huijin;
- (d) save as disclosed in the paragraph headed “4. Disclosure of Interest in the Shares” in this appendix, none of the Directors had any interest (within the meaning of Part XV of the SFO) in the Shares or convertible securities, warrants, options and derivatives in respect of the Shares;
- (e) no Shares, convertible securities, warrants, options and derivatives in respect of the Shares were owned or controlled by any subsidiary of the Company or by a pension fund of any member of the Group or by a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of class (2) of the definition of “associate” in the Takeovers Code;
- (f) save for the undertakings as described in the sections headed “Shareholders’ Undertaking in relation to the Offered Rights Shares” and “Shareholders’ Lock-up Undertaking”, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert”, or who is an associate of the Company by virtue of classes (2), (3) or (4) of the definition of “associate” under the Takeovers Code;

- (g) no Shares or convertible securities, warrants, options and derivatives in respect of the Shares were managed on a discretionary basis by fund managers (other than EFMs) connected with the Company;
- (h) none of the Directors held any shareholdings in the Company which would entitle them to vote for or against the Whitewash Waiver Resolutions; and
- (i) there were no Shares or convertible securities, warrants, options and derivatives in respect of the Shares which the Company or the Directors has/have borrowed or lent.

11. DEALINGS IN SHARES

During the Relevant Period,

- (a) save for the dealings as disclosed in paragraph (g) below, neither Central Huijin nor its concert parties had dealt for value in any Shares, convertible securities, warrants, options and derivatives in respect of the Shares;
- (b) none of the directors of Central Huijin had dealt for value in any Shares, convertible securities, warrants, options and derivatives in respect of the Shares;
- (c) there were no Shares or convertible securities, warrants, options and derivatives of the Company which Central Huijin or its concert parties or the Directors have borrowed or lent;
- (d) the Company had not dealt for value in any equity interests or convertible securities, warrants, options and derivatives in respect of the equity interests of Central Huijin; and
- (e) none of the Directors had dealt for value in any equity interests or convertible securities, warrants, options and derivatives in respect of the equity interests of Central Huijin or any Shares or convertible securities, warrants, options and derivatives in respect of the Shares.

- (f) The following dealings in the Shares, convertible securities, warrants, options and derivatives in respect of the Shares during the period commencing on March 13, 2022 and up to the date of Announcement are not considered as dealings by Huijin's concert parties pursuant to Rule 21.6 of the Takeovers Code but are disclosed in accordance with Note 5 to Rule 21.6 of the Takeovers Code:

Entity (Note 1)	Date of transaction (DD/MM/YY)	Type of transaction	Types of securities of the Company involved	No. of securities of the Company involved	Transaction price (RMB, unless otherwise stated) (Note 2)	Highest transaction price (RMB, unless otherwise stated)	Lowest transaction price (RMB, unless otherwise stated)
The Company (as EPT and EFM)	14/3/22 – 18/3/22	Sell	A Shares	10,800	41.35	43.99	39.96
The Company (as EPT)	21/3/22 – 25/3/22	Sell	A Shares	800	41.79	42.09	41.23
The Company (as EFM)	28/3/22 – 1/4/22	Sell	A Shares	800	41.20	41.25	41.19
The Company (as EPT and EFM)	4/4/22 – 8/4/22	Sell	A Shares	4,500	41.48	41.90	41.02
The Company (as EPT and EFM)	11/4/22 – 15/4/22	Sell	A Shares	3,200	42.08	42.29	40.21
The Company (as EPT)	18/4/22 – 22/4/22	Sell	A Shares	100	39.32	39.32	39.32
The Company (as EPT)	25/4/22 – 29/4/22	Sell	A Shares	3,700	36.60	37.66	35.54
The Company (as EPT and EFM)	2/5/22 – 6/5/22	Sell	A Shares	300	36.43	36.69	35.91
The Company (as EPT and EFM)	9/5/22 – 13/5/22	Sell	A Shares	1,500	36.21	37.27	35.99
The Company (as EPT and EFM)	16/5/22 – 20/5/22	Sell	A Shares	2,600	37.21	37.59	36.74
The Company (as EPT)	23/5/22 – 27/5/22	Sell	A Shares	600	37.20	37.56	36.45
The Company (as EPT)	30/5/22 – 3/6/22	Sell	A Shares	500	37.93	38.48	37.20
The Company (as EFM)	13/6/22	Sell	A Shares	1,500	41.77	41.78	41.76
CICC Wealth Investment Limited (as EPT) (Note 3)	15/6/22	Buy	Derivatives	100,000	HK\$16.22	HK\$16.22	HK\$16.22
CICC Wealth Investment Limited (as EPT) (Note 3)	15/6/22	Sell	Derivatives	100,000	HK\$16.22	HK\$16.22	HK\$16.22
The Company (as EPT)	20/6/22	Sell	A Shares	3,600	42.41	42.48	42.38
The Company (as EPT)	22/6/22	Sell	A Shares	200	41.76	41.76	41.76
The Company (as EPT)	23/6/22	Sell	A Shares	200	42.35	42.35	42.35
The Company (as EPT)	24/6/22	Sell	A Shares	800	43.81	43.89	43.71
The Company (as EPT)	28/6/22	Sell	A Shares	1,600	44.93	45.65	44.82
The Company (as EPT)	29/6/22	Sell	A Shares	2,200	44.20	44.39	44.15

Entity (Note 1)	Date of transaction (DD/MM/YY)	Type of transaction	Types of securities of the Company involved	No. of securities of the Company involved	Transaction price (RMB, unless otherwise stated) (Note 2)	Highest transaction price (RMB, unless otherwise stated)	Lowest transaction price (RMB, unless otherwise stated)
The Company (as EPT)	30/6/22	Sell	A Shares	400	44.50	44.52	44.48
The Company (as EPT)	5/7/22	Sell	A Shares	100	44.49	44.49	44.49
The Company (as EPT)	8/7/22	Sell	A Shares	3,400	43.86	43.91	43.78
The Company (as EPT)	11/7/22	Sell	A Shares	900	42.50	42.52	42.40
The Company (as EPT)	14/7/22	Sell	A Shares	300	42.98	43.00	42.96
The Company (as EPT)	15/7/22	Sell	A Shares	400	42.05	42.05	42.04
The Company (as EPT)	19/7/22	Sell	A Shares	700	43.10	43.18	43.03
The Company (as EPT)	22/7/22	Sell	A Shares	200	43.69	43.69	43.69
The Company (as EPT)	29/7/22	Sell	A Shares	2,000	42.64	42.80	42.59
The Company (as EPT)	16/8/22	Sell	A Shares	200	43.40	n/a	n/a
The Company (as EPT)	16/8/22	Sell	A Shares	200	43.40	n/a	n/a
The Company (as EPT)	18/8/22	Sell	A Shares	200	43.41	n/a	n/a
The Company (as EPT)	18/8/22	Sell	A Shares	200	43.36	n/a	n/a
The Company (as EPT)	18/8/22	Sell	A Shares	200	43.37	n/a	n/a
The Company (as EPT)	18/8/22	Sell	A Shares	200	43.31	n/a	n/a
The Company (as EPT)	7/9/22	Sell	A Shares	200	42.50	n/a	n/a
The Company (as EPT)	7/9/22	Sell	A Shares	200	42.51	n/a	n/a
The Company (as EPT)	7/9/22	Sell	A Shares	200	42.50	n/a	n/a
The Company (as EPT)	7/9/22	Sell	A Shares	200	42.49	n/a	n/a
The Company (as EPT)	7/9/22	Sell	A Shares	200	42.52	n/a	n/a
The Company (as EPT)	7/9/22	Sell	A Shares	200	42.54	n/a	n/a
The Company (as EPT)	7/9/22	Sell	A Shares	200	42.53	n/a	n/a
The Company (as EPT)	7/9/22	Sell	A Shares	200	42.53	n/a	n/a

Notes:

- (1) The Company is an EPT and the discretionary fund management arm of the Company is an EFM, each for the purposes of the Takeovers Code.
- (2) Transaction prices for transactions conducted on or after August 13, 2022 are actual transaction prices, while that of the transactions conducted before August 13, 2022 are average transaction prices for the day or week (as applicable).
- (3) Such derivatives were entered into on June 28, 2019 and were closed out on June 15, 2022. Such derivatives were related to 100,000 H Shares and had maturity dates of July 7, 2022 (in respect of the buy trade) and July 4, 2022 (in respect of the sale trade) respectively. The reference prices for the derivatives were HK\$16.22.
- (4) The transaction prices set out in the above table are subject to rounding adjustments.

- (g) In respect of the following dealings in the A Shares by the Company (acting as principal trader in respect of market making activities) during the period commencing on the date of the Announcement up to the Latest Practicable Date, the Executive had provided its consent pursuant to paragraph 3(b) of Schedule VI to the Takeovers Code:

Date of transaction (DD/MM/YY)	Type of transaction	No. of A Shares involved	Price per A Share (RMB)
16/9/22	Sell	200	37.55
16/9/22	Sell	200	37.55
16/9/22	Sell	200	37.55
16/9/22	Sell	200	37.64
16/9/22	Sell	200	37.64
16/9/22	Sell	200	37.63
19/9/22	Sell	200	37.27
19/9/22	Sell	200	37.36
19/9/22	Sell	200	37.35
19/9/22	Sell	200	37.35
19/9/22	Sell	200	37.36
19/9/22	Sell	200	37.40
19/9/22	Sell	200	37.39
19/9/22	Sell	200	37.40
19/9/22	Sell	200	37.35
20/9/22	Sell	200	37.35
23/9/22	Sell	200	36.51
23/9/22	Sell	200	36.51
23/9/22	Sell	200	36.51
23/9/22	Sell	200	36.51

Note: the transaction prices in the above table are subject to rounding adjustments.

12. MISCELLANEOUS

- (a) The registered office of the Company is situated at 27th and 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing, PRC.
- (b) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (c) The joint company secretaries of the Company are Mr. Sun Nan and Mr. Zhou Jiaying.

- (d) Central Huijin is a wholly state-owned company incorporated in the PRC with limited liability. The registered office of Central Huijin is situated at New Poly Plaza, 1 Chaoyangmen Beidajie, Dongcheng District, Beijing, China.
- (e) As at the Latest Practicable Date, the directors of Central Huijin are Mr. Peng Chun, Mr. Shen Rujun, Mr. Xu Zhibin, Mr. Lou Hong and Mr. Mu Huaipeng.
- (f) Central Huijin is the controlling shareholder of the Company. Central Huijin's principal shareholder rights are exercised by the State Council.
- (g) Each of China Jianyin Investment Limited, JIC Investment Co., Ltd. and China Investment Consulting Co., Ltd. is an entity incorporated in the PRC with limited liability, directly or indirectly wholly-owned by Central Huijin. As at the Latest Practicable Date, the directors of China Jianyin Investment Limited are Dong Shi, Huang Jianjun, Zhuang Zhe, Wu Ruilin and Fan Xueying, the directors of JIC Investment Co., Ltd. are La Shaohua, Zhang Xiangdong, Jiang Xia, Liu Gang and Tan Yuqun, and the directors of China Investment Consulting Co., Ltd. are Nie Min, Wang Yang, Fang Guangpeng, Sun Yanan and Wen Yuchun; the registered offices of China Jianyin Investment Limited is situated at Floor 7-14, Building #2, Yard #1, Naoshikou Street, Xicheng District, Beijing, China, the registered offices of JIC Investment Co., Ltd. is situated at Floor 7, Building #2, Yard #1, Naoshikou Street, Xicheng District, Beijing, China and the registered office of China Investment Consulting Co., Ltd. is situated at Floor 12, Building #8, 18 Gongping Street, Hongkou District, Shanghai, China.
- (h) The English translation of those entities whose name is marked with an asterisk (*) is for identification purpose only.
- (i) In case of inconsistency, the English version of this circular shall prevail over the Chinese version.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) on the website of the Company at <http://www.cicc.com>; (ii) the website of the SFC at www.sfc.hk and (iii) on the website of the Hong Kong Stock Exchange at www.hkexnews.hk, from the date of this circular up to and including the date of the General Meeting and the Class Meetings.

- (a) the Articles of Association;
- (b) the annual reports of the Company for the financial years ended December 31, 2019, December 31, 2020 and December 31, 2021;
- (c) the interim report of the Company for the six months ended June 30, 2022;

- (d) the letter from the Board, the text of which is set out in the section headed “Letter from the Board” in this circular;
- (e) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed “Letter from the Independent Board Committee” in this circular;
- (f) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed “Letter from the Independent Financial Adviser” in this circular;
- (g) the consent letter from the expert referred to in the paragraph headed “Expert” in this Appendix;
- (h) the material contracts referred to in the section headed “Material Contracts” in this Appendix;
- (i) the service contracts referred to in the section headed “Directors’ Service Contracts” in this Appendix (certain personal information has been redacted);
- (j) a full list of all dealings disclosed in accordance with Note 5 to Rule 21.6 of the Takeovers Code and dealings in A Shares by the Company for which the Executive has granted its consent pursuant to paragraph 3(b) of Schedule VI to the Takeovers Code; and
- (k) this circular.