PUBLICATION OF OFFERING CIRCULAR AND PRICING SUPPLEMENT ON THE STOCK EXCHANGE OF HONG KONG LIMITED

Joy Treasure Assets Holdings Inc.

(the "**Issuer**")

(incorporated with limited liability in the British Virgin Islands)

U.S.$200,000,000 5.50 per cent. Guaranteed Notes due 2027
(the "Additional Notes")
(consolidated and form a single series with the U.S.$550,000,000 5.50 per cent. Guaranteed Notes due 2027 issued on 1 February 2024 (the "Original Notes", together with the Additional Notes, the "Notes"))
(Stock Code: 4472)
issued under the U.S.$1,400,000,000 Medium Term Note Programme
(the "**Programme**")

unconditionally and irrevocably guaranteed by

中國東方資產管理(國際)控股有限公司
CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED

China Orient Asset Management (International) Holding Limited

中國東方資產管理(國際)控股有限公司

(the "**Guarantor**")

(incorporated with limited liability in Hong Kong)

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

Standard Chartered Bank	**Bank of Communications**	**China Construction Bank (Asia)**	**China Zheshang Bank Co., Ltd. (Hong Kong Branch)**
Guotai Junan International	**Industrial Bank Co., Ltd. Hong Kong Branch**	**Mizuho**	**Shanghai Pudong Development Bank Hong Kong Branch**

This announcement is issued pursuant to Rule 37.39A of the Listing Rules.

Please refer to the offering circular relating to the Programme dated 25 January 2024 (the "**Offering Circular**") and the pricing supplement relating to the Additional Notes dated 26 March 2024 (the "**Pricing Supplement**") appended herein. The Offering Circular and the Pricing Supplement are published in English only. No Chinese version of the Offering Circular or the Pricing Supplement has been published. As disclosed in the Offering Circular and the Pricing Supplement, the Additional Notes are intended for purchase by Professional Investors only and have been listed on The Stock Exchange of Hong Kong Limited on that basis.

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

The Offering Circular and the Pricing Supplement must not be regarded as an inducement to subscribe for or purchase any securities of the Issuer or the Guarantor and no such inducement is intended.

Hong Kong, 8 April 2024

As at the date of this announcement, the sole director of the Issuer is the Guarantor.

As at the date of this announcement, the directors of the Guarantor are ZHOU Jidong, NING Jing, YANG Zheng and WANG Letian.

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APPENDIX 1 - OFFERING CIRCULAR DATED 25 JANUARY 2024

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES OR IN CASE OF REGULATION S CATEGORY 2 OFFERING, TO ANY U.S. PERSON OR ANY PERSON ACTING FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")).

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular (the "**Offering Circular**"). You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Issuer, the Guarantor, the Arrangers or the Dealers (each as defined in the attached Offering Circular) as a result of such access. In order to review the attached Offering Circular or make an investment decision with respect to the securities, you must be located outside the United States and in case of Regulation S Category 2 offering, not be a U.S. person or acting for the account or benefit of a U.S. person.

Confirmation of Your Representation: The attached Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to the Issuer, the Guarantor, the Arrangers and the Dealers that (1) you are not in the United States and in case of Regulation S Category 2 offering, are not a U.S. person nor acting for the account or benefit of a U.S. person and, to the extent you purchase the securities described in the attached Offering Circular, you will be doing so pursuant to Regulation S under the Securities Act; (2) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions, and (3) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

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

Restrictions: The attached Offering Circular is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED IN THE ATTACHED OFFERING CIRCULAR HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR IN CASE OF REGULATION S CATEGORY 2 OFFERING, TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO THE SECURITIES ACT.

Except with respect to eligible investors in jurisdictions where such offer or invitation is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the Issuer, the Guarantor, the Arrangers, the Dealers, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute a general advertisement or general solicitation (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act) in the United States or elsewhere.

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

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

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

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

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

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

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

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JOY TREASURE ASSETS HOLDINGS INC.

(incorporated with limited liability in the British Virgin Islands)

U.S.$1,400,000,000

Medium Term Note Programme

unconditionally and irrevocably guaranteed by

中國東方資產管理(國際)控股有限公司
CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED

China Orient Asset Management (International) Holding Limited
中國東方資產管理(國際)控股有限公司

(incorporated with limited liability in Hong Kong)

Under the U.S.$1,400,000,000 Medium Term Note Programme described in this Offering Circular (the "**Programme**"), Joy Treasure Assets Holdings Inc. (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the "**Notes**") unconditionally and irrevocably guaranteed (the "**Guarantee**") by China Orient Asset Management (International) Holding Limited 中國東方資產管理(國際)控股有限公司 (the "**Guarantor**", or the "**Company**"). The Issuer is a wholly-owned subsidiary of the Guarantor. The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.$1,400,000,000 (or the equivalent in other currencies), subject to increase as further described in "*Summary of Programme*".

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

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

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

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

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

The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state of the United States and may not be offered or sold or, in case of Bearer Notes, delivered, in the United States or, in case of Regulation S (as defined below) Category 2 offering, to any U.S. person or any person acting for the account or benefit of a U.S. person (as such term is defined in Regulation S under the Securities Act ("Regulation S")) except pursuant to an exemption from the registration requirements of the Securities Act. There will be no public offering of securities in the United States. The Notes and the Guarantee are being offered outside the United States in reliance on Regulation S under the Securities Act. Bearer Notes are subject to U.S. tax law requirements. See "*Subscription and Sale*".

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Summary of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer and the Guarantor (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

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

With respect to the issue of Notes to which the Administrative Measures for Examination and Registration of Medium and Long-term Foreign Debts of Enterprises（企業中長期外債審核登記管理辦法（中華人民共和國國家發展和改革委員會令第56號））(the "**NDRC New Measures**") promulgated by the National Development and Reform Commission (the "**NDRC**") apply, such Notes will be issued within the relevant foreign debt issuance quota granted by the NDRC in the certificate of examination and registration of foreign debts borrowed by enterprises（企業借用外債審核登記證明）obtained by China Orient Asset Management Co., Ltd.（中国东方资产管理股份有限公司）("**COAMC**") pursuant to the NDRC New Measures. After issuance of such Notes, the Issuer shall file or cause to be filed with the NDRC the requisite information and documents in connection with such Notes from time to time within the relevant prescribed timeframes in accordance with the NDRC New Measures.

Investing in Notes issued under the Programme involves certain risks and may not be suitable for all investors. See "*Risk Factors*" beginning on page 14 for a discussion of factors that you should consider carefully before investing in the Notes.

Arrangers and Dealers

ABCI International	**Bank of China (Hong Kong)**	**Bank of Communications**	**BOC International**	**China International Capital Corporation**
China Securities International	**CITIC Securities**	**Citigroup**	**Standard Chartered Bank**	**UBS**

Offering Circular dated 25 January 2024

NOTICE TO INVESTORS

Each of the Issuer and the Guarantor, having made all reasonable enquiries, confirms that (i) this Offering Circular does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; (ii) all statements or expressions of opinion or intention (including, without limitation, the forwardlooking statements, the statements regarding the future plans, use of proceeds, indebtedness, prospects, dividends, material contracts and litigation) in this Offering Circular are, in all material respects, fairly and honestly made on reasonable grounds or, where appropriate, based on reasonable assumptions, and such grounds or assumptions are fairly and honestly held by the Issuer or the Guarantor or their respective directors, and there are no other facts known or which could, upon due and careful inquiry, have been known to the Issuer, the Guarantor or their respective directors the omission of which would make any such statement or expression misleading in any material respect; and (iii) this Offering Circular contains all information with respect to the Issuer, the Guarantor and its subsidiaries (the "**Group**") taken as a whole, the Issuer, the Guarantor, the Notes and the Guarantee, which is material in the context of the issue and offering of the Notes (including the information which is required by applicable laws or applicable rules of the Hong Kong Stock Exchange or is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Group and of the rights attaching to the Notes and the Guarantee).

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

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

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the Programme and the offering of the Notes thereunder. The distribution of this Offering Circular and any Pricing Supplement and the offering of the Notes under the Programme in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular and any Pricing Supplement come are required by ABCI Capital Limited, Bank of China (Hong Kong) Limited, Bank of Communications Co., Ltd. Hong Kong Branch, BOCI Asia Limited, China International Capital Corporation Hong Kong Securities Limited, China Securities (International) Corporate Finance Company Limited, CLSA Limited, Citigroup Global Markets Limited, Standard Chartered Bank and UBS AG Hong Kong Branch (each an "**Arranger**" and a "**Dealer**"), the Issuer and the Guarantor to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Notes and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, the European Economic Area, the People's Republic of China, the British Virgin Islands, Hong Kong, Japan, Singapore, Taiwan and Macau, to persons connected therewith. For a description of further restrictions on offers and sales of the Notes and distribution of this Offering Circular and any Pricing Supplement, see "*Subscription and Sale*".

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Guarantor, the Group, the Notes or the Guarantee other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Arrangers, the Dealers, the Trustee or the Agents (as defined herein). Neither the delivery of this Offering Circular, any Pricing Supplement nor any offering, sale or delivery made in connection with the issue of the Notes shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor, the Group or any of them since the date hereof or if later, the date upon which this Offering Circular has been most recently amended or supplemented or create any implication that the information contained herein is correct at any date subsequent to the date hereof or if later, the date upon which this Offering Circular has been most recently amended or supplemented. This Offering Circular or any Pricing Supplement does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Arrangers, the Dealers, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers to subscribe for or purchase, any of the Notes and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Offering Circular is being furnished by the Issuer and the Guarantor in connection with the Programme and the offering of the Notes and is exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Notes. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose any information in this Offering Circular to any other person. This Offering Circular may not be copied or reproduced in whole or in part. It may be distributed only to and its contents may be disclosed only to the prospective investors to whom it is provided. By accepting delivery of this Offering Circular, each investor is deemed to have agreed to these restrictions. No representation or warranty, express or implied, is made or given by the Arrangers, the Dealers, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Arrangers, the Dealers, the Trustee or the Agents. None of the Arrangers, the Dealers, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers has independently verified any of the information contained in this Offering Circular and can give any assurance that this information is accurate, truthful or complete. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Guarantor, the Arrangers, the Dealers, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers that any recipient of this Offering Circular should purchase the Notes. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Notes should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

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

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

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

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

PROHIBITION OF SALES TO UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "*Prohibition of Sales to UK Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF THE NOTES, ANY DEALER TO BE AGREED BY THE RELEVANT DEALERS, AS THE STABILISATION MANAGER (THE "STABILISATION MANAGER") OR ANY OF ITS AFFILIATES (OR PERSONS ACTING ON THEIR BEHALF) MAY, SUBJECT TO ALL APPLICABLE LAWS AND DIRECTIVES, OVER-ALLOT AND EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGER (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor, the Group and the terms of the offering, including the merits and risks involved. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Notes.

Each person receiving this Offering Circular acknowledges that such person has not relied on the Arrangers, the Dealers, the Trustee or the Agents or any person affiliated with the Arrangers, the Dealers, the Trustee or the Agents in connection with its investigation of the accuracy of such information or its investment decision. To the fullest extent permitted by law, none of the Arrangers, the Dealers, the Trustee and the Agents or any of their respective affiliates, directors or advisors accepts any responsibility whatsoever for the contents of this Offering Circular or for any other statement, made or purported to be made by the Arrangers, the Dealers, the Trustee or the Agents or any of their respective affiliates, directors or advisors or on its or their behalf in connection with the Issuer, the Guarantor, the Group, the Guarantee, the Programme or the issue and offering of the Notes thereunder. Each of the Arrangers, the Dealers, the Trustee and the Agents or any of their respective affiliates, directors or advisors accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Arrangers, the Dealers, the Trustee, the Agents or any of their respective affiliates undertakes to review the financial condition or affairs of the Issuer, the Guarantor or the Group for so long as the Notes remain outstanding nor to advise any investor or potential investor of the Notes of any information coming to the attention of any of the Arrangers, the Dealers, the Trustee, the Agents or their respective affiliates.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to Prospective Investors

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

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

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

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

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

Unless otherwise indicated, all references in this Offering Circular to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China and all references to "**China**" or the "**PRC**" are to the People's Republic of China and, for the purpose of this Offering Circular only, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan.

Unless otherwise specified or the context requires, all references in this Offering Circular to "**Renminbi**", "**RMB**" or "**CNY**" are to the lawful currency of the PRC, references herein to "**Hong Kong dollars**", "**HK dollars**", "**HK$**" or "**HKD**" are to the lawful currency of Hong Kong, references herein to "**Sterling**" or "**£**" are to the lawful currency of the United Kingdom and references herein to "**U.S. dollars**", "**U.S.$**" or "**USD**" are to the lawful currency of the United States of America.

Reference to "**Issuer's Existing Bonds**" are to the bonds issued by the Issuer and being outstanding as of the date of this Offering Circular, including (i) 3.875 per cent. bonds due 2024 and 4.500 per cent. bonds due 2029 issued on 20 March 2019; (ii) 2.875 per cent. bonds due 2024 and 3.500 per cent. bonds due 2029 issued on 24 September 2019; and (iii) 1.875 per cent. bonds due 2025 and 2.750 per cent. bonds due 2030 issued on 17 November 2020.

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

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

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

PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2021 and 2022 (the "**Guarantor's Consolidated Financial Statements**") were prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The Guarantor's Consolidated Financial Statements have been audited by PricewaterhouseCoopers, the Guarantor's independent auditor.

Copies of the Guarantor's Consolidated Financial Statements are available for inspection from the date of this Offering Circular at the Guarantor's registered office. See "*General Information*".

INFORMATION INCORPORATED BY REFERENCE AND FINANCIAL INFORMATION

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

(i) each relevant Pricing Supplement;

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

(iii) any annual audited financial statements of the Guarantor that are made available subsequent to the date of this Offering Circular as amended and supplemented from time to time,

which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with the contents of this Offering Circular. Any statement that is modified or superseded in this manner will no longer be a part of this Offering Circular, except as modified or superseded.

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

FORWARD-LOOKING STATEMENTS

This Offering Circular contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, but not limited to, statements relating to:

- the business and operating strategies and the future business development of the Group;
- the general economic, market and business conditions in China;
- changes in competitive conditions and the Group's ability to compete under these conditions;
- the Group's ability to enter into new markets and expand its operations;
- the Group's expectations with respect to its ability to acquire and maintain regulatory qualifications required to operate its business;
- costs of bank loans and other forms of financing, and the Group's ability to secure adequate financing;
- the Group's estimated capital expenditure;
- the Group's financial condition and performance;
- the Group's dividend distribution plans;
- changes in currency exchange rates; and
- macroeconomic policies of the PRC government.

In some cases, you can identify forward-looking statements by such terminology as "may", "will", "should", "could", "would", "expect", "intend", "plan", "anticipate", "going forward", "ought to", "seek", "project", "forecast", "believe", "estimate", "predict", "potential" or "continue" or the negative of these terms or other comparable terminology. Such statements reflect the current views of the Issuer or the Guarantor with respect to future events, operations, results, liquidity and capital resources and are not guarantee of future performance, some of which may not materialise or may change. Although the Issuer and the Guarantor believe that the expectations reflected in these forward-looking statements are reasonable, there is no assurance that those expectations will prove to be correct, and you are cautioned not to place undue reliance on such statements. The Issuer and the Guarantor undertake no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur and the Issuer's, the Guarantor's and the Group's actual results could differ materially from those anticipated in these forward-looking statements.

All forward-looking statements contained in this Offering Circular are qualified by reference to the cautionary statements set forth in this section.

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

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SUMMARY OF THE PROGRAMME

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

Issuer	Joy Treasure Assets Holdings Inc.
Guarantor	China Orient Asset Management (International) Holding Limited 中國東方資產管理(國際)控股有限公司.
Guarantee	The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes, the Receipts and the Coupons.
Description	Medium Term Note Programme.
Size	Up to U.S.$1,400,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of the Notes outstanding at any one time. The Issuer and the Guarantor may increase the aggregate nominal amount of the Programme in accordance with the terms of the Dealer Agreement.
Risk Factors	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer and the Guarantor to fulfil their respective obligations in respect of the Notes and the Guarantee are discussed under "*Risk Factors*".
Arrangers and Dealers . .	ABCI Capital Limited, Bank of China (Hong Kong) Limited, Bank of Communications Co., Ltd. Hong Kong Branch, BOCI Asia Limited, China International Capital Corporation Hong Kong Securities Limited, China Securities (International) Corporate Finance Company Limited, CLSA Limited, Citigroup Global Markets Limited, Standard Chartered Bank and UBS AG Hong Kong Branch. The Issuer and the Guarantor may from time to time terminate the appointment of any Dealer under the Programme or appoint Dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to "Dealers" are to all persons appointed as a dealer in respect of one or more Tranches or the Programme.
Certain Restrictions	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*"). Further restrictions may apply in connection with any particular Series or Tranches of Notes.
Trustee	The Bank of New York Mellon, London Branch.

Issuing and Paying Agent and Calculation Agent.	The Bank of New York Mellon, London Branch.
CMU Lodging and Paying Agent, Calculation Agent, Transfer Agent and Registrar in respect of Notes Held in the CMU	The Bank of New York Mellon, Hong Kong Branch.
Registrar and Transfer Agent in respect of Notes Held in Clearstream and Euroclear	The Bank of New York Mellon SA/NV, Dublin Branch.
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the issue date, the issue price, the amount of the first payment of interest on them, the timing for submission of the NDRC Post-issue Filing (if applicable) and, to the extent necessary, certain transfer restrictions as a result of applicable securities law), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest, nominal amount of the Tranche, the timing for submission of the NDRC Post-issue Filing (if applicable) and, to the extent necessary, certain transfer restrictions as a result of applicable securities law, will be identical to the terms of other Tranches of the same Series) will be completed in the Pricing Supplement.
Issue Price.	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Form of Notes	Notes may be issued in bearer or registered form as described in "*Terms and Conditions of the Notes*". Registered Notes will not be exchangeable for Bearer Notes and *vice versa*. Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Pricing Supplement. Each Tranche of Registered Notes will initially be represented by a Global Certificate. Where TEFRA D (as defined below) is applicable, Bearer Notes must initially be issued in the form of a Temporary Global Note, exchangeable for permanent Global Notes or Definitive Notes upon certification of non-U.S. beneficial ownership.

Clearing Systems	Clearstream, Euroclear, the CMU and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Guarantor, the Issuing and Paying Agent, the Trustee and the relevant Dealer(s).
Initial Delivery of Notes .	On or before the issue date for each Tranche, the Global Note or Global Certificate representing the Notes may be deposited with a common depositary for Euroclear and Clearstream or deposited with a sub-custodian for the CMU. Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Guarantor, the Trustee, the Issuing and Paying Agent and the relevant Dealer(s). Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee for, such clearing systems.
Currencies.	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer, the Guarantor and the relevant Dealer(s).
Maturities	Subject to compliance with all relevant laws, regulations and directives, any maturity as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s).
Specified Denomination .	Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all relevant laws, regulations and directives. Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") will have a minimum denomination of £100,000 (or its equivalent in other currencies).
Interest	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Fixed Rate Notes	Fixed interest will be payable in arrear on such date or dates as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s) and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s), in each case as specified in the relevant Pricing Supplement.
Floating Rate Notes	Floating Rate Notes will bear interest determined separately for each Series as set out in the Terms and Conditions of the Notes and/or the relevant Pricing Supplement.
Zero Coupon Notes	Zero Coupon Notes (as defined in "*Terms and Conditions of the Notes*") may be issued at their nominal amount or at a discount to it and will not bear interest.

Dual Currency Notes . . .	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes (as defined in "*Terms and Conditions of the Notes*") will be made in such currencies, and based on such rates of exchange, as the Issuer, the Guarantor and the relevant Dealer(s) may agree and as may be specified in the relevant Pricing Supplement.
Other Notes:	Terms applicable to Partly Paid Notes and any other type of Note such as perpetual securities that the Issuer, the Guarantor and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement or the supplementary offering circular.
Interest Periods and Interest Rates	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.
Redemption	The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable (detailed in a formula or otherwise). Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Redemption by Instalments:	The Pricing Supplement in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Optional Redemption . . .	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Pricing Supplement.
Redemption upon occurrence of a Change of Control	At any time following the occurrence of a Change of Control, the holder of each Note will have the right, at such holder's option, to require the Issuer to redeem all, or some only, of such holder's Notes at the Change of Control Redemption Amount, together with accrued interest to (but excluding) the relevant redemption date, as further described in Condition 6(f) of the Terms and Conditions of the Notes and as may be further specified in the relevant Pricing Supplement.
Redemption for Taxation Reasons	Notes will be redeemable at the Issuer' option prior to maturity for taxation reasons as further described in Condition 6(c) of the Terms and Conditions of the Notes.

Status of Notes	The Notes (subject to Condition 4 of the Terms and Conditions of the Notes) and the Receipts and the Coupons relating to them will constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer which shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable law and subject to Condition 4 of the Terms and Conditions of the Notes, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.
Status of the Guarantee .	The payment obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable law and subject to Condition 4 of the Terms and Conditions of the Notes, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor.
Negative Pledge	The Notes will contain a negative pledge provision as further described in Conditions 4(a) of the Terms and Conditions of the Notes.
Cross-Acceleration	The Terms and Conditions of the Notes will contain a cross-acceleration provision as described in Condition 10(c) of the Terms and Conditions of the Notes.
Withholding Tax	All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes, the Receipts and the Coupons or under the Guarantee shall be made free and clear of, and without set-off or counterclaim, withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands, Hong Kong or the PRC, in each case including any political subdivision or authority thereof or therein having power to tax, unless such withholding or deduction is required by law. The Issuer or (as the case may be) the Guarantor will, subject to certain customary exceptions, pay such additional amounts as will result in the receipt by the Noteholders of such amounts to the extent required, as will result in receipt by the Noteholders, Receiptholders or Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required.
Ratings	The Programme has been assigned a rating of ‘BBB’ by S&P and a rating of ‘A-’ by Fitch. In addition, the Guarantor has been assigned a rating of ‘BBB’ by S&P and a rating of ‘A-’ by Fitch. These ratings are only correct as at the date of this Offering Circular. Tranches of Notes to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.
Governing Law and Jurisdiction	Hong Kong law with the submission to the exclusive jurisdiction of Hong Kong courts.

Listing and Admission to Trading	Application has been made to the Hong Kong Stock Exchange for the listing of the Programme during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only. However, unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange or listed, traded or quoted on or by any other competent authority, exchange or quotation system. Notes listed on the Hong Kong Stock Exchange will be traded on the Hong Kong Stock Exchange in a board lot size of at least HK$500,000 (or its equivalent in other currencies).
Selling Restrictions	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area, the United Kingdom, Japan, Hong Kong, the PRC, Singapore, the British Virgin Islands, Taiwan, Macau and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*". In connection with the offering and sale of a particular Series of Notes, additional restrictions may be imposed which will be set out in the applicable Pricing Supplement. Bearer Notes will be issued in compliance with rules in substantially the same form as U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) for purposes of Section 4701 of the U.S. Internal Revenue Code (the "**Code**") ("**TEFRA D**") unless (i) the relevant Pricing Supplement states that the Bearer Notes are issued in compliance with rules in substantially the same form as U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) for purposes of Section 4701 of the Code ("**TEFRA C**") or (ii) the Bearer Notes are issued other than in compliance with TEFRA D or TEFRA C. In the case of Bearer Notes, only Notes with a term of 365 days or less (taking into account any unilateral rights to rollover or extend the term) will be issued other than in compliance with TEFRA D or TEFRA C and will be referred to in the relevant Pricing Supplement as a transaction to which the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**") is not applicable. Bearer Notes with a term of more than 365 days (taking into account any unilateral rights to rollover or extend the term) that are held through the CMU must be issued in compliance with TEFRA C, unless at the time of issuance the CMU and the CMU Lodging and Paying Agent have procedures in place so as to enable the Issuer to comply with the certification requirements under TEFRA D. Where TEFRA D is applicable, Bearer Notes must initially be issued in the form of Temporary Global Notes, exchangeable for Permanent Global Notes or Definitive Notes upon certification of non-U.S. beneficial ownership.

	The Issuer will not register the Notes for resale under the Securities Act or the securities laws of any other jurisdiction or offer to exchange the Notes for registered Notes under the Securities Act or the securities laws of any other jurisdiction.
Legal Entity Identifier of the Issuer	2549002TXU15P8D3F498.

SUMMARY

The summary below is only intended to provide a limited overview of detailed information described elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors. Prospective investors should therefore read the entire Offering Circular, including the section entitled "Risk Factors" and the consolidated financial statements of the Group and related notes thereto, before making an investment decision.

THE ISSUER

The Issuer is a wholly-owned subsidiary of the Guarantor. The Issuer was incorporated as a BVI business company with limited liability under the laws of the British Virgin Islands. Since its incorporation, the Issuer had engaged in certain investment activities. However, as at the date of this Offering Circular, the Issuer has no material assets and liabilities, and is not engaged in any material activities, other than those in connection with the proposed issuances of the Notes and those in connection with the Issuer's Existing Bonds.

See "*Description of the Issuer*".

THE GUARANTOR

The Guarantor is an indirect, wholly-owned subsidiary of COAMC (together with its subsidiaries, the "**COAMC Group**"). COAMC is one of the four asset management companies (the "**Big Four Asset Management Companies**") established with the approval from the State Council and the PBOC in October 1999 to offload the banking system's non-performing loan ("**NPL**") assets. The COAMC Group has since evolved into a leading integrated financial services group in the PRC, offering distressed asset management services, insurance services, banking services, securities services, trust services, credit rating services and overseas services. With a focus on distressed assets and the three tasks of China's financial sector to make the financial sector better serve the real economy, contain financial risks and deepen financial reforms, COAMC has continued to expand its main business in distressed assets and endeavoured to promote its high-quality development. To date, the COAMC Group has accumulatively managed and disposed of more than RMB2 trillion distressed assets, making positive contributions to the stability of China's financial system.

The Guarantor serves as the only overseas operating platform of the COAMC Group, offering a specialised, diversified and comprehensive portfolio of financial services and customised solutions, including distressed asset investment, special opportunities investment and primary and secondary market investment. Strategically located in Hong Kong, the Guarantor serves as a bridge between domestic resources and overseas markets for the COAMC Group and plays a key role in spearheading the COAMC Group's cross-border and international businesses.

THE GROUP

The Group primarily engages in investments related to distressed assets, special opportunities, and primary and secondary markets. Leveraging the COAMC Group's brand name, business network, customer base, and management support of the COAMC Group, the Group invests its own capital in cross-border opportunities and acts as a cross-border investment and asset manager providing services to both onshore and offshore clients. Since 2018, the Group has strategically refocused its efforts on its core competency in distressed asset investment, adhering to the guiding principle of "Returning to the Fundamentals of AMC's Business (回歸主業)". In pursuit of operational excellence, the Group established a strategic business transformation plan in 2020. Building on this foundation, in 2022, the Group formally delineated its three principal business areas, namely distressed asset investment, substantial restructuring, and licensed businesses. Distressed asset investment is the core of the Group's investment business which is crucial for its sustainable growth. In line with the strategic business transformation plan, the Group actively pursues thematic distressed asset investment opportunities.

Substantial restructuring businesses mainly focuses on special opportunities investments, whose primary clients are companies and investors who conduct cross-border investments and financings. The Group's substantial restructuring business serves the financing and investment needs of clients during financial distress, business restructuring and reorganisation, and crisis management. Serving as a bridge between COAMC and overseas distressed asset markets, the Group proactively delivers cross-border solutions to COAMC and provides it with channels to identify potential investment targets and strategic partners. Through acquisition and disposal of distressed asset packages auctioned off by financial institutions, rescue of distressed firms and spin-off of non-core assets and businesses by firms, and acquisition and restructuring of distressed and bankrupt assets and companies, the Group revitalises the value of distressed assets and realises the investment profits.

To expand its operations and better serve its client needs, the Group has also obtained licences to carry out various regulated activities such as the licence as a money lender, the licences for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities from the Hong Kong Securities and Futures Commission, and the RQFII qualification from the China Securities Regulatory Commission. The Group's licensed business comprises fund management and investments in primary and secondary markets.

As at 31 December 2020, 2021 and 2022, the Group's total assets were HK$78.6 billion, HK$80.5 billion and HK$85.8 billion while its total liabilities were HK$65.8 billion, HK$67.0 billion and HK$75.4 billion, respectively. For the years ended 31 December 2020, 2021 and 2022, the Group's revenue, gains and income (including revenue, other income – others, other gains and losses – net realised & unrealised gains (losses) of financial assets at FVTPL, other gains and losses – net realised and unrealised gains (losses) of financial liabilities at FVTPL, other gains and losses – fair value changes from investment in an associate measured at FVPL, other gains and losses – gains on disposals of associates, other gains and losses – gains on disposals of JV, other gains and losses – gains on disposals of subsidiaries, other gains & losses – others, and share of results of associates & JV) was HK$6,186.5 million, HK$4,748.5 million and HK$3,357.4 million, respectively. Despite the impact of the COVID-19 pandemic and economic downturn, the Group's profit for the year was recorded at HK$438.9 million, HK$886.1 million and HK$442.6 million, respectively, during the same periods.

As at 31 December 2022, the Guarantor had net liabilities of HK$3,638.8 million (at the company level). Please refer to note 38 (Statement of financial position and reserves of the company) of the Group's 2022 Consolidated Financial Statements for further information. Although the Guarantor recorded net liabilities as at 31 December 2022, the value of the Guarantor's assets in fact exceeded its liabilities, primarily due to that its investments in subsidiaries were recorded at historical cost in the statement of its standalone financial position and reserves and therefore did not reflect the fair value of such assets.

STRENGTHS

The Group believes that the competitive strengths set out below differentiate it from other industry participants and have enabled it to compete effectively and seize growth opportunities:

- COAMC is one of the Big Four Asset Management Companies
- Strong support of and synergy with the COAMC Group
- Diversified income sources and balanced investment portfolio
- A cross-border platform with independent investment and financing capabilities in both onshore and offshore markets
- Comprehensive and effective risk management mechanism

- Experienced management and investment team

STRATEGIES

- Optimising core businesses and taking advantage of special opportunities emerging in cross-border markets with a strategic focus on distressed asset investment business

- Continuing to upgrade risk management

See "*Description of the Group*".

SELECTED FINANCIAL INFORMATION OF THE GUARANTOR

*The summary consolidated financial information of the Group as at and for the years ended 31 December 2020, 2021 and 2022 as set out below is derived from the audited consolidated financial statements of the Group as at and for the year ended 31 December 2021 (the "**Group's 2021 Consolidated Financial Statements**") and the audited consolidated financial statements of the Group as at and for the year ended 31 December 2022 (the "**Group's 2022 Consolidated Financial Statements**"), which have been audited by PricewaterhouseCoopers and are included elsewhere in this Offering Circular.*

The investors should read the summary financial information below in conjunction with the Group's 2021 Consolidated Financial Statements and the Group's 2022 Consolidated Financial Statements and the related notes included elsewhere in this Offering Circular. Historical results are not necessarily indicative of results that may be achieved in any future period.

The Group's 2021 Consolidated Financial Statements and the Group's 2022 Consolidated Financial Statements have been prepared and presented in accordance with HKFRS issued by the HKICPA.

The Group only prepares annual audited consolidated financial statements. Accordingly, as at the date of this Offering Circular, no audited or reviewed consolidated financial statements as at any date or for any period after 31 December 2022 are available. Historical results are not necessarily indicative of results that may be achieved in any future period. There can be no assurance that the past financial results of the Group would be indicative of their financial results as at or for the year ended 31 December 2023 or that the Group's financial results as at or for the year ended 31 December 2023 would not be materially different or worse as compared to its audited consolidated financial statements as at and for the year ended 31 December 2022.

Save for the Group's 2021 Consolidated Financial Statements and the Group's 2022 Consolidated Financial Statements, the financial information contained in this Offering Circular does not constitute the Guarantor's statutory financial statements for either of the years ended 31 December 2021 or 2022 but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows: as the Guarantor is a private company, it is not required to deliver its financial statements to the Registrar of Companies, and has not done so. The Guarantor's auditor has reported on these financial statements for the years ended 31 December 2021 and 2022 respectively. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under either sections 406(2), 407(2) or (3) of the Companies Ordinance.

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December		
	2020	**2021**	**2022**
		HK$'000	
NON-CURRENT ASSETS			
Equipment	9,474	4,304	2,986
Investment properties	–	–	2,534,986
Right-of-use assets	113,786	105,782	60,579
Deferred tax assets	730,555	1,261,779	850,164
Other assets	150	1,393,169	2,018,018
Interests in associates and joint ventures	7,215,915	9,954,308	7,790,075
Financial assets at fair value through profit or loss	8,951,346	3,987,066	3,987,010
Financial assets at fair value through other comprehensive income	334,616	263,890	126,464
Loans, other receivables and prepaid expenses	7,641,814	7,048,314	7,244,542
	24,997,656	24,018,612	24,614,824

	As at 31 December		
	2020	2021	2022
		HK$'000	
CURRENT ASSETS			
Loans, other receivables and prepaid expenses	21,817,819	22,700,787	17,731,477
Financial assets at fair value through profit or loss	25,192,148	24,637,992	23,738,780
Tax receivable	–	81,902	87,111
Restricted cash	–	254,871	–
Time deposits with maturity over three months	–	647,425	334,113
Cash and cash equivalents	6,611,117	8,203,182	5,533,542
	53,621,084	56,526,159	47,425,023
Assets classified as held for sale	–	–	13,714,435
TOTAL ASSETS	**78,618,740**	**80,544,771**	**85,754,282**
NON-CURRENT LIABILITIES			
Financial liabilities at fair value through profit or loss	525,149	2,286,692	–
Third-party interests in consolidated investment funds	70,748	4,740	–
Borrowings	–	361,475	1,046,843
Bonds and notes payables	41,489,309	37,277,431	39,443,111
Lease liabilities	71,103	57,597	41,979
Deferred tax liabilities	31,646	367,798	394,586
	42,187,955	**40,355,733**	**40,926,519**
CURRENT LIABILITIES			
Other payables and accruals	4,785,633	4,497,156	5,924,176
Tax payable	1,303,237	1,512,703	1,530,806
Financial liabilities at fair value through profit or loss	579,121	1,503,653	1,981,095
Third-party interests in consolidated investment funds	97,294	105,484	39,177
Borrowings	10,876,636	13,113,144	11,794,543
Bonds and notes payables	5,929,447	5,879,459	3,117,626
Lease liabilities	45,901	50,626	22,236
	23,617,269	26,662,225	24,409,659
Liabilities associated with assets held for sale	–	–	10,038,560
TOTAL LIABILITIES	**65,805,224**	**67,017,958**	**75,374,738**
NET ASSETS	**12,813,516**	**13,526,813**	**10,379,544**
EQUITY			
Share capital	–	–	–
Reserves	10,712,539	11,408,771	10,020,741
Equity attributable to owners of the Company	10,712,539	11,408,771	10,020,741
Perpetual capital securities	1,866,724	1,883,800	–
Non-controlling interests	234,253	234,242	358,803
TOTAL EQUITY	**12,813,516**	**13,526,813**	**10,379,544**

SUMMARY OF CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December		
	2020	**2021**	**2022**
		HK$'000	
Revenue	3,059,079	2,925,609	2,731,074
Other income	58,543	38,294	140,263
Other gains and losses	3,670,480	2,433,180	370,454
Impairment reversal/(losses), net	(2,219,233)	(741,682)	122,861
Administrative expenses	(267,173)	(232,163)	(350,663)
Staff costs	(170,417)	(185,893)	(190,436)
Finance costs	(2,470,890)	(2,279,529)	(2,178,914)
Share of results of associates and joint ventures	(355,609)	(478,417)	447,998
Share of losses/(profits) by third-party interests in consolidated investment funds	(15,083)	(8,700)	11,406
Profit before tax	**1,289,697**	**1,470,699**	**1,104,043**
Income tax expense	(850,769)	(584,852)	(661,492)
Profit for the year	**438,928**	**886,117**	**442,551**
Profit attributable to:			
Owners of the Company	355,816	801,539	362,207
Holder of perpetual capital securities	84,289	84,589	83,045
Non-controlling interests	(1,177)	(11)	(2,701)
Profit for the year	438,928	886,117	442,551
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	497,525	182,387	(1,744,326)
Net changes in unrealised gain on financial assets at fair value through other comprehensive income	–	–	10,340
Items that will not be reclassified subsequently to profit or loss:			
Net changes in unrealised loss on financial assets at fair value through other comprehensive income	50,507	(287,694)	(16,251)
Other comprehensive (loss)/income for the year, net of tax	548,032	(105,307)	(1,750,237)
Total comprehensive (loss)/income for the year	986,960	780,810	(1,307,686)
Total comprehensive income attributable to:			
Owners of the Company	903,848	696,232	(1,388,030)
Holder of perpetual capital securities	84,289	84,589	83,045
Non-controlling interests	(1,177)	(11)	(2,701)
	986,960	780,810	(1,307,686)

RISK FACTORS

An investment in the Notes is subject to a number of risks. Investors should carefully consider all of the information in this Offering Circular and, in particular, the risks described below, before deciding to invest in the Notes. The following describes some of the significant risks that could affect the Group and the value of the Notes. Some risks may be unknown to the Group and other risks, currently believed to be immaterial, could in fact be material. Any of these could materially and adversely affect the business, financial condition, results of operations and prospects of the Group. The market price of the Notes could decline due to any of these risks, and investors may lose part or all of their investment. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Group could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Offering Circular. The Group is affected materially by requirements and restrictions that arise under PRC laws, regulations and government policies in nearly all aspects of its business in the PRC.

RISKS RELATING TO THE GROUP'S INVESTMENT BUSINESS

The Group's proprietary investment operations are subject to market volatility and its investment decisions.

The Group invests in equity and fixed-income securities as well as derivative products for its own accounts, all of which are subject to market volatilities. Therefore, the results of such securities trading activities generally correlate with the performance of the securities markets in Hong Kong, the PRC, the United States and other jurisdictions, which could result in very significant fluctuations in the Group's year-on-year performance and financial position. As at 31 December 2020, 2021 and 2022, the Group's total assets were HK$78.6 billion, HK$80.5 billion and HK$85.8 billion, respectively, while its total liabilities were HK$65.8 billion, HK$67.0 billion and HK$75.4 billion, respectively. In 2020, 2021 and 2022, the Group's profit for the year was recorded at HK$438.9 million, HK$886.1 million and HK$442.6 million, respectively. The performance of the Group's investment business is determined by its investment decisions and judgments based on its assessment of existing and future market conditions. The Group closely monitors the market value and financial performance of its proprietary trading portfolio, and actively adjusts such portfolio and allocates assets based on market conditions and internal risk management guidelines. However, the Group's investment decisions are a matter of judgment, which involves management discretion and assumptions. Its decision-making process may fail to effectively minimise losses, capture gains, or conform to actual changes in market conditions. In addition, the value of certain assets of the Group are subject to price fluctuations as a result of changes in the financial market's assessment of the relevant issuer's creditworthiness, delinquency and default rates and other factors. Any decline in the value of such assets could result in the recognition of impairment losses, which requires the judgment of the Group's management. There is no assurance that the Group's income and cash generated from investment activities will not continue to fluctuate or decrease and its business will not experience any decline or that the Group can achieve, sustain or return to past levels of profitability in the future.

If the investee companies of the Group's fixed-income investments fail to repay the principal amount of investments and the returns thereof as scheduled due to a material deterioration in their operations, the Group's results of operations and financial condition may be materially and adversely affected.

The Group makes various fixed-income investments. In respect of these fixed-income investments, it has established a systematic investment risk management system with a focus on three critical stages (namely, pre-investment, investment and post-investment management). For details, please see "*Description of the Group – Internal Control and Risk Management – Investment Strategy Policy*". However, the repayment capabilities of the investee companies in these projects depend on their operating conditions, and such conditions will be affected by various factors such as the macroeconomic, regulatory and operating environment. If the operations of these investee companies experience a material deterioration beyond the Group's expectation, they may not be able to recover the principal amount of the fixed-income investments and the returns thereof as scheduled, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is exposed to general risks associated with its investments in the real estate sector.

The Group makes investments in the real estate sector. The real estate market is affected by many factors, including, without limitation, general economic conditions, interest rates and supply and demand dynamics, many of which are beyond the Group's control. For example, since September 2021, there has been negative news relating to certain PRC real estate developers including defaults on their indebtedness as a result of various economic measures imposed by the PRC government with an aim of cooling the overheated real estate market and corporate deleveraging in the PRC, including strengthened supervision over PRC real estate developers and tightened credit requirements. This has had a negative impact on, and resulted in increased volatility in, the PRC real estate industries. Any further stringent laws, regulations or policies in China or prolonged implementation of the relevant laws, regulations or policies could lead to a deterioration in the liquidity of real estate properties in China, which may in turn cause the sales volume and/or sales prices of the Group's real estate investments to decline. In addition, the value of the Group's real estate assets may decrease. Investments in the real estate sector made by the Group may not be as profitable as the Group expected, which may adversely impact the revenue and profits sourced from the Group's investments in the real estate sector.

The Group's direct equity investments may not generate any return and the Group may not be able to identify or acquire suitable investment targets.

The Group makes direct equity investments in private companies and invests in private equity funds with its own capital. The Group earns investment returns from dividends paid by its portfolio companies and generates capital gains from exits through an initial public offering of, or sale of, shares in its portfolio companies. The Group generally carefully identifies and selects a target company based on the profitability and sustainability of the target's operations. The Group may make unsound investment decisions, and the Group's portfolio companies may take longer than expected to mature to a stage suitable for an initial public offering. As such, the Group's investment period would be longer than it anticipated which could reduce the Group's returns on investments. Besides, the Group's ability to exit from a portfolio company is subject to market conditions. The Group may be forced to sell its equity investments at undesirable prices or defer sales for a considerable period of time, or it may not be able to sell at all due to market volatility or other reasons beyond the Group's control. In addition, there is no assurance that the Group could identify suitable targets for investment.

The Group invests in companies that it does not seek to control.

The Group typically invests in companies that it does not seek to control. These companies may make business, financial or management decisions with which the Group does not agree. The majority stakeholders or the management of these companies may take risks or otherwise act in a manner that does not serve the Group's best interests. In addition, these companies may not be as profitable as the Group expects. If any of the foregoing were to occur, the Group's business, financial condition and results of operations could be materially and adversely affected.

The Group's acquisition of distressed assets involves judgments, estimates and other factors beyond its control.

The distressed assets acquired by the Group were transferred from various financial institutions and Chinese enterprises, covering different industry sectors and geographic regions. A substantial number of the distressed assets it acquired do not have effective or sufficient collateral. The Group determines its bidding prices by taking various factors into account, which primarily include (i) the quality of the relevant asset portfolio as described in the due diligence reports prepared by its in-house experts and/or qualified independent third-party valuers, (ii) estimated costs associated with managing and disposal of such assets and (iii) prevailing market conditions and intensity of competition, all of which involve significant judgments and estimates. There is no assurance that the Group's estimated costs would be sufficient to cover the actual costs, or that it could accurately predict future market conditions. For instance, any deterioration in economic conditions in the PRC or overseas may materially and adversely affect the value of the distressed assets acquired by the Group.

If the Group is unable to maintain the growth of its distressed asset investment portfolio, the Group's competitive position, financial condition and results of operations may be materially and adversely affected.

Since 2018, the Group has strategically refocused its efforts on its core competency in distressed asset investment, adhering to the guiding principle of "Returning to the Fundamentals of AMC's Business (回歸主業)". The Group's ability to generate sustainable revenue and ensure the growth of its distressed asset investment business depends, to a certain extent, on its ability to acquire distressed assets suitable for its business.

The supply of distressed assets is affected by a number of factors. These include changes in macroeconomic conditions, asset quality and the business conditions of financial institutions and non-financial enterprises. Changes in the overall volume of bad debts, equity, tangible assets and distressed assets, the government's control and industry policies and market liquidity fluctuation could significantly impact the supply of distressed assets. Therefore, the supply of distressed assets in the PRC financial market may be limited or may change over a certain period of time. The amount of distressed assets the Group is able to acquire depends on a number of factors beyond its control, such as the policies of the PRC central government or local governments, the willingness of banks and enterprises to sell their distressed assets and the Group's competition with other asset management companies. Should the Group fail to acquire distressed assets at acceptable prices or at all, or if further changes in government policies with regard to distressed asset management prevent the Group from growing its distressed asset portfolio, the Group might have difficulties in maintaining a portfolio of quality distressed assets in the long run and its competitive position, financial condition and results of operations may be materially and adversely affected.

Any deterioration in the value of collateral granted in connection with distressed assets held by the Group will affect the amount which the Group is able to recover in the event of enforcement of such collateral.

In respect of distressed assets that will be secured by collateral or guarantees, the collateral securing such distressed assets is primarily expected to include properties and other assets located in the first-tier and second-tier cities in the PRC or Hong Kong. The value of the collateral securing the Group's debt assets may significantly fluctuate or decline due to factors beyond the Group's control such as macroeconomic factors affecting the PRC economy as well as significant volatilities in its capital markets. For example, a downturn in the real estate market in the PRC may result in a decline in the value of the real estate properties used to secure the Group's debt assets to a level significantly below the outstanding balance of principal and interest on such debt assets. Any decline in the value of such collateral may reduce the amounts that the Group can recover from such collateral and increase its impairment losses.

Some of the guarantees relating to the Group's debt assets are provided by the relevant obligor's affiliates. Such debt assets are generally not secured by collateral or security interests. Significant deterioration in the financial condition of any of the guarantors could significantly decrease the amounts that the Group may recover from such guarantees. Moreover, the Group is subject to the risk that courts or other judicial or governmental authorities may declare collateral to be invalid or otherwise decline or fail to grant judgment in favour of enforcing such collateral. The Group is accordingly exposed to the risk that it may not be able to recover part or all of the guaranteed amounts for its debt assets.

In addition, if the Group obtains assets in satisfaction of debt when acquiring or disposing of distressed assets, it may not intend to hold these assets in satisfaction of debt for the long term. Land and buildings in satisfaction of debt owed to the Group may have defects because the land use rights or the building ownership have not been obtained by the previous owners or transferred to the Group. As a result, the Group may not be able to exercise its rights over such assets in satisfaction of debt, which may affect its ability to dispose of such assets in satisfaction of debt and to generate income.

The Group may not recover any value from the distressed assets and the provision may not be sufficient.

The Group generally records the distressed assets using different financial measurements based on Group's business model for managing the asset and the cash flow characteristics of the distressed assets. The Group generally records profits when the amount of the proceeds it received from disposal of distressed assets exceeds the recorded value or purchasing costs of such assets. Recoverability of distressed assets depends on various factors, many of which are beyond the Group's control, such as the economic conditions in the PRC and in the world, the prevailing market conditions and changes in the relevant PRC laws and regulations. Therefore, the actual recovered value of the distressed assets could be significantly lower than expected. The occurrence of the above-mentioned factors could cause the quality of the Group's distressed asset portfolio to decline or make it hard for the Group to recover the recorded value or purchasing cost of the relevant distressed assets. In addition, the Group from time to time has to recover the recorded value of some of its distressed assets through litigation or arbitration. However, there is no assurance that the Group could achieve the outcome it expects. The Group makes provisions in connection with its distressed assets and trade receivables as required by relevant laws and regulations. There is no assurance that the provision the Group makes for its impaired assets will be accurate or sufficient to cover the relevant losses.

RISKS RELATING TO THE GROUP'S LICENSED BUSINESS

A significant decline in the size of the assets under management or poor management performance may materially and adversely affect the Group's asset management operations.

The Group receives asset management fees based on the value of its customer portfolios or investments in funds and trusts managed by it. In addition, the Group provides private equity fund management, collective asset management and targeted asset management schemes in which it may also earn performance fees. Investment performance affects the Group's assets under management and is one of the most important factors in retaining clients and competing for new business. Market volatility and limitations in investment options and hedging strategies in jurisdictions such as the PRC could limit the Group's ability to provide stable returns for its clients and cause it to lose clients. Further market volatility, adverse economic conditions, or the failure to out-perform competitors or the market may reduce the size of the assets under the Group's management or affect the performance of the funds or trusts it manages. Upon occurrence of any of the above circumstances, existing clients might withdraw their investments from the Group in favour of better performing products provided by competitors; clients may request that the Group lower its fees for asset management services, particularly in an intensely competitive industry; the Group's incentive fees, which are based on a percentage of investment returns, could decline; and firms with which the Group has strategic alliances may terminate their relationships with the Group, and future strategic alliances may be unavailable. In addition, the Group may not be able to keep or increase its assets under management.

The Group's business involves judgments and estimates and other factors beyond its control, which could have a material adverse effect on its business, financial condition and results of operations.

The Group primarily engages in investments related to distressed assets, special opportunities, and primary and secondary markets. Making an accurate investment decision requires it to carefully identify and select a target company based on its business, financial condition, operations and condition of industry in which it operates. In general, this process involves a systematic analysis and estimation of the target company's profitability and sustainability. However, the Group may make unsound investment decisions due to fraudulent and concealed, inaccurate or misleading statements from a target company in the course of its due diligence, which could lead it to mistakenly estimate the value of the target company and affect its ability to make profit from such investments. In addition, the Group's understanding of and judgment on the industry in which the target company operates or its business may deviate and result in inaccurate investment decisions. The Group's private fund portfolio companies may fail to meet their obligations under the agreements entered into with it, which could result in deterioration in the value of its investments. In such cases, the business, financial condition and results of operations of the Group's licensed business could be materially and adversely affected.

RISKS RELATING TO THE GROUP'S OVERALL BUSINESS

The Group's business is subject to market fluctuations and general economic conditions.

The Group's business is inherently subject to market fluctuations and general economic conditions. Unfavourable financial or economic conditions, such as those caused by the recent global financial and economic crisis (including the sovereign-debt crisis in European Union) have adversely affected investor confidence and global financial markets and may continue to do so in the future. In particular,

- The United States and China have been involved in disputes over trade barriers that have escalated into a trade war between the two countries. Both countries have implemented tariffs, investment restrictions and other barriers on certain industries and products from the other, casting uncertainty over tariffs and barrier to entry for products on both sides. There are uncertainties as to when and whether the trade disputes will be resolved and the trade barriers lifted. The trade war between the United States and China has resulted in disruption to global trade flows, global production and supply chains and heightened geopolitical tensions; and it also increased volatility in the financial markets around the world.

- There are also ongoing impacts from the prolonged period of uncertainty around the exit of the United Kingdom from the European Union ("**Brexit**"). On 31 January 2020, the United Kingdom officially exited the European Union following a UK-EU Withdrawal Agreement (the "**Withdrawal Agreement**") signed in October 2019. As agreed in the Withdrawal Agreement, a transition period was implemented until 31 December 2020, during which time EU laws and regulations continued to apply broadly as before. The UK-EU Trade and Cooperation Agreement ("**TCA**") was finalised on 24 December 2020 and came into force from 1 January 2021. The TCA sets out all aspects of the new UK-EU relationship, such as trade, security, areas of ongoing collaboration/cooperation and governance. Given the lack of precedent, the long-term impact of Brexit remains uncertain and will depend on the implementation of the final terms agreed between the United Kingdom and the European Union in the TCA as well as on the United Kingdom's ability to secure favourable trade and investment terms with countries outside the European Union. Therefore, Brexit has and may continue to create negative economic impact and increase volatility in the global market.

- More recently, the COVID-19 pandemic has adversely affected global financial, foreign exchange, commodity and energy markets since December 2019. Whether and to what extent countries and territories will be able to unwind the government support measures and restrictions and return to pre COVID-19 economic levels remain uncertain.

- The external sanctions environment remains dynamic, and sanctions regimes are increasingly complex and less predictable. In particular, extensive financial, trade, transport, and immigration sanctions have been imposed by the UK, the EU and U.S., among others, against Russian individuals and companies in light of the Russia-Ukraine geopolitical conflicts. Increasing tension between the U.S. and China may further contribute to the dynamism of the sanctions environment. The sanctions regimes put in place since the Russia-Ukraine geopolitical conflicts have led to rising prices of energy, food and other commodities, and consequently a historical level of high inflation globally. As a result, the aggravated geopolitical tension brings uncertainty to the global economy as well as significant volatilities in the global financial market.

- There are ongoing concerns relating to the political gridlock in the United States over government spending and debt levels, the consequences for economic growth and investor confidence in the United States. Central banks of some countries, including the Federal Reserve Board of Governors of the United States, have also accelerated their shifts in monetary policies and increased interest rates in response to sustained inflationary pressure. There can be no assurance that monetary and fiscal policy measures adopted by central banks or national governments will have the intended effects or that a global economic downturn will not occur or market volatilities will not persist.

- In early 2023, the global financial markets have experienced further turmoil with the collapse of mid-size United States banks Silicon Valley Bank, Signature Bank and First Republic Bank, as well as the collapse of global financial institution Credit Suisse, which has resulted in tightened credit standards, reduced capital investment and higher uncertainty in the global macroeconomic environment. In addition, the ongoing corporate deleveraging efforts by the PRC government since 2017 and the increased amount of corporate defaults over recent years, particularly in the PRC real estate sector, have contributed to further turmoil in financial markets in the PRC. Please also refer to "*Risk Factors – Risks relating to the Group's overall business – The Group's business operations are subject to credit risk*".

- Furthermore, concerns over inflation, energy costs, geopolitical issues, the availability and cost of credit, unemployment, consumer confidence, declining asset values, capital market volatility and liquidity issues have created difficult operating conditions in the past and may continue to do so in the future.

Price fluctuations in capital markets and commodity markets may adversely affect the Group's financial condition. The value of the Group's investment portfolio, such as debt investment, provision of guarantees as credit enhancement, direct equity investment and financial derivatives (including swap instruments), is closely related to the performance of capital markets and the market price of commodities. Adverse economic and market conditions could lead to a decrease in the value of the Group's investment portfolio or the assets under its management, which may, in turn, adversely affect the Group's liquidity, financing ability, financial conditions and results of operations.

Difficult financial or economic conditions could adversely affect all business lines in which the Group operates. For example, fluctuations in the market and difficult financial or economic conditions could adversely affect investor confidence and reduce investment activities, which may reduce the demands for the Group's products and services and their respective prices and, consequently, impact the Group's ability to optimise its capital investment and to attract new investment. On the other hand, the supply of distressed assets may decrease when the economy improves. Any of these situations could have a material adverse effect on the Group's results of operations.

The Group's business operations are subject to credit risk.

A portion of the Group's investment portfolio consists of distressed assets in RMB or foreign currencies that were stripped from financial institutions in China or elsewhere. In addition, a substantial part of distressed assets which the Group acquired do not have effective or sufficient collateral. As such, the Group is susceptible to credit risks associated with the deterioration in the credit quality of the relevant borrowers which may be driven by socio-economic or customer-specific factors linked to economic performance. There can be no assurance that losses will not occur due to increased delinquencies. In addition, the Group has exposure to credit risk associated with certain of its investment and financial assets. These investments may also be subject to price fluctuations as a result of changes in the financial market's assessment of the issuer's creditworthiness, delinquency and default rates and other factors.

The Group is also susceptible to the credit risks associated with its counterparties in its margin financing and securities loan business and financial and derivative products contracts. Following the entry into receivership of Silicon Valley Bank and Signature Bank in the United States, the acquisition of Credit Suisse by UBS following long-standing financial difficulties and the seizure of First Republic Bank by U.S. regulators and the subsequent sale of its deposits and assets to J.P. Morgan, there is significant uncertainty in the global financial sector, with potential wider macroeconomic implications. In the PRC, the ongoing corporate deleveraging efforts by the PRC government since 2017 and the increased amount of corporate defaults over recent years, particularly in the real estate sector, have contributed to further turmoil in financial markets. Clients' or counterparties' failure to make payment or perform their obligations could have a material adverse effect on the Group's financial condition, results of operations and cash flow. Insufficient credit loss provision made by the Group to cover the actual loss may compel the Group to increase the provision and adversely impact the Group's financial conditions and results of operations.

The Group's liquidity and businesses may be adversely affected by limited access to capital markets or ability to sell assets.

Liquidity is essential to the Group's businesses, particularly those businesses that involve investment and money lending. The Group's liquidity may be impaired by limited access to debt and equity markets, an inability to sell assets at market price, or at all, or unforeseen outflows of cash. These situations may arise due to circumstances beyond the Group's control, such as a general market disruption or an operational problem that affects its counterparties, or the perception among market participants that it, or other market participants, are experiencing liquidity issues. Additionally, its ability to sell assets may be constrained if other market participants seek to sell similar assets at the same time, which is likely to occur in a widespread liquidity crunch or market crises. If its access to financing is limited or it is forced to fund its operations at a higher cost, the Group may have to curtail its business activities or increase its costs of funding, both of which could reduce its profitability and adversely affect its results of operations and financial condition.

Allowance for credit losses may prove inadequate and the Group's credit costs may increase.

The Group reviews its non-performing loans, various loans it granted to clients or relevant borrowers and trade receivables to assess whether impairment allowances exist. In determining whether impairment allowances should be recorded in its consolidated income statement, the Group's management takes into account factors such as the borrower's financial situation and the net realisable value of the underlying collateral or guarantees in favour of the Group. Many of these factors are beyond the Group's control such as a slowdown in economic growth, tightened policies on the real estate sector as implemented by the PRC government and other adverse macroeconomic conditions in Hong Kong and the PRC, and a considerable amount of judgment is required in assessing the ultimate realisation of these loans and advances, including the current creditworthiness of the borrowers, and the past collection history of each loan.

Furthermore, if changes in the global economic climate lead to an increase in delinquencies or defaults on the loans, actual loss on the Group's loan portfolio may increase and exceed the existing allowance. If the Group's allowance for credit losses is not adequate to cover actual loan losses, impairment allowance for credit losses will increase and the Group's financial condition and results of operations may be adversely affected.

There is less publicly available information about the Group than is available for companies in certain other jurisdictions and the Guarantor only prepares annual audited consolidated financial statements.

The Guarantor is a private company in Hong Kong, whose shares are not listed on any stock exchange. The Guarantor is not subject to corporate governance and disclosure obligations, and only prepares annual audited consolidated financial statements. As at the date of this Offering Circular, no audited or reviewed consolidated financial statements as at any date or for any period after 31 December 2022 are available. Accordingly, there is less publicly available information about the Guarantor than is available for companies in certain other jurisdictions which the Noteholders may be familiar with. In making an investment decision, investors must rely upon their own examination of the Issuer, the Guarantor, the Group, the terms of the offering and their respective financial information.

The Group's business benefits from its shareholders' support. The Group's shareholders can exert significant influence on the Group, and the decisions they make may not always be aligned with the best interests of the Group or the Noteholders.

The Guarantor is controlled by COAMC, which is indirectly controlled by the PRC Government. Therefore, COAMC and the PRC Government are entitled to exercise significant influence over the Group, including, among others, matters relating to appointment of the Guarantor's Board of Directors and senior management, determination of business strategies, and review of any plans related to major corporate activities (such as mergers, acquisitions and investments). The interest of these controlling shareholders may not always be aligned with the Group's or the Noteholders' interests. As a result, such shareholders may take actions that may not be in the Group's or the Noteholders' best interests.

In particular, in light of the strategic importance of the Group to the COAMC Group, the Group has benefited from and relied on various forms of support from COAMC. For example, before the Group independently accessed the domestic bond market or when it needs to source additional working capital onshore, COAMC provides loans to the Group to fund its onshore investment and working capital requirements. The COAMC Group also provides support in the Group's financing activities. COAMC has provided keepwell and equity repurchase commitments for bonds issued by the Group in the past. However, there can be no assurance that the COAMC will continue to provide support to the Group or that the support the Group currently receives will not be adjusted or terminated due to changes in the COAMC Group's business strategies or otherwise. If any favourable support which is currently available to the Group is reduced or discontinued in the future, the Group's business, liquidity, financial condition and results of operations would be materially and adversely affected.

The Group is subject to extensive policy and regulatory requirements, which could materially and adversely affect the Group's financial condition and results of operations.

The Group is subject to extensive laws, policy and regulatory requirements issued by the relevant governmental authorities in China and overseas (including Hong Kong, the United States and the United Kingdom). These regulatory bodies promulgate requirements governing the Group's business in various aspects, such as its development strategies, business focus, capital requirements, shareholders and key personnel qualification, types of products and services offered, and investment portfolio. Compliance with applicable laws, rules and regulations may restrict the Group's business activities and require it to incur increased expense, restate or write down the value of its assets or liabilities, and to devote considerable time to such compliance efforts.

In addition, pursuant to applicable laws and regulations, the Group is required to obtain or renew approvals, permits and licences with respect to its relevant operations. There is no assurance that the Group can obtain or renew all necessary approvals, permits and licences on a timely basis. Non-compliance with relevant laws and regulations or failure to obtain the relevant approvals could subject the Group to sanctions, fines, penalties, revocation of licence or other punitive actions, including suspension of the Group's business operations or restriction or prohibition on certain business activities. Furthermore, relevant government authorities may adopt new laws and regulations, or amend the interpretation or enforcement of existing laws and regulations, or promulgate stricter laws and regulations, all of which may materially and adversely affect the Group's financial condition and results of operations.

The complexity of its operations and products exposes the Group to operating, marketing and other risks, and the Group's risk management and internal control systems may be ineffective or inadequate.

The Group has established risk management and internal control systems and procedures to manage potential risks associated with the broad range of financial services and products it offers. For details, please see "*Description of the Group – Internal Control and Risk Management*". The risk management and internal control system may require constant monitoring, maintenance and continual improvements by its senior management and staff. The Group's efforts to maintain these systems may be ineffective or inadequate. Deficiencies in the Group's risk management and internal control systems and procedures may affect its ability to record, process, summarise and report financial and other data in an accurate and timely manner, as well as impact its ability to identify any reporting errors and non-compliance with rules and regulations.

The Group's risk management and internal control systems and procedures may contain inherent limitation caused by misjudgement, fault or the Group's limited experience or resources in making accurate, complete, up-to-date or proper evaluations. In particular, the Group devises risk managing procedures based on observed historical market behaviour and the Group's experience. However, in markets that are rapidly developing, the information and experience data that the Group relies on for its risk management methods may become quickly outdated as markets and regulations continue to evolve.

Furthermore, the Group may not have sufficient access to resources and trading counterparties to implement its trading and investment risk mitigation strategies and techniques effectively. If the Group's decision-making process fails to effectively minimise losses while capturing gains, it may experience significant financial losses.

As a result, there is no assurance that the Group's risk management and internal control systems are adequate or effective, and any failure to address any internal control matters and other deficiencies could result in investigations and disciplinary actions or even prosecution being taken against the Group or its employees, or disruption to its risk management system, which may have a material and adverse effect on its financial condition and results of operations.

There can be no assurance that the Group's due diligence investigations will identify every matter that could have a material adverse effect on the Group.

The Group conducts extensive business, financial and legal due diligence in connection with its operations, in particular for potential acquisition and investment opportunities. However, there can be no assurance that the Group's due diligence investigations will identify every matter that could have a material adverse effect on the acquisition or investment targets. As a result, the Group may fail to identify the existing risks in relation to the business and operations of investment targets through its due diligence. To the extent that any of the above-mentioned issues arise, the business and operations of the investment target could be adversely affected, which in turn could have material and adverse effects on the Group's financial condition and results of operations.

The Group's business and expansion plans require substantial capital investment, and it may be unable to obtain additional financing for future investments or acquisitions or to fund its operations and growth.

The development of the Group requires significant capital expenditures, and its ability to maintain or increase revenue, profit and cash flows depends upon continuous capital spending. The Group currently funds its operations primarily through cash generated from loans from commercial banks and dividends from its subsidiaries as well as other financing channels such as issuances of bonds and other securities. In particular, the Guarantor relies on a number of on demand banking facilities which are repayable at any time for its working capital. The Group may need to obtain additional financing for future acquisitions and investment opportunities. As at 31 December 2020, 2021 and 2022, the Group's total borrowings (comprising the current and non-current portion of its borrowings as well as the current and non-current portion of its bonds and notes payables) amounted to approximately HK$58,295.4 million, HK$56,631.5 million and HK$55,402.1 million, respectively. A high level of indebtedness could have important consequences to the Group, including, among others:

- limiting its ability to satisfy its obligations under the Notes, the Guarantee and other debt;

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

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

- limiting its flexibility in planning for or reacting to changes in its businesses and the industry in which it operates;

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

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

- increasing the cost of additional financing.

The Group's ability to obtain external financing to satisfy its outstanding debt obligations and fund its growth is dependent on numerous factors, including but not limited to: (i) the Group's future financial condition, operating results and cash flows; (ii) the general condition of the global and domestic financial markets and changes in the monetary policies with respect to bank interest rates, lending policies and others; and (iii) the availability of credit from banks or other lenders. The Group cannot assure the holders of the Notes that any additional financing will be available to it on acceptable terms, if at all. This risk is exacerbated by the volatility that the global credit markets have experienced. For example, to the extent that additional financing proves to be unavailable when needed for a particular investment or acquisition, the Group may be compelled to either restructure the transaction or abandon the investment or acquisition plan. In addition, if the Group acquires or invests in another company, the company it acquires or invests in may require additional financing to fund continuing operations and/or growth.

Furthermore, the Group's subsidiaries or branches may request support from the Group to meet their liquidity requirements during their ordinary course of business. Some of the Group's subsidiaries may need an additional capital injection from the Group to meet relevant regulatory requirements. There is no assurance that the Group will always be able to provide sufficient funds to its subsidiaries or branches or other companies it has acquired or invested in on a timely basis, if at all. The occurrence of any of the above-mentioned circumstances could materially and adversely affect the Group's financial condition and results of operations. The Guarantor has also in the past provided and may from time to time provide guarantees, indemnities, keepwells, credit enhancement or similar undertakings in connection with the financing of the Group's subsidiaries. If the Guarantor is required to perform its payment obligation under such guarantee, indemnity or relevant undertaking when the subsidiaries default in paying their indebtedness or fail to achieve agreed returns, this may result in a funding shortage at the Guarantor's level, and may materially and adversely the Guarantor's liquidity, financial condition and results of operations.

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

The Group's exposure to interest rate risk is primarily associated with its interest income, interest expenses and fixed-income securities. The Group earns interest income from bank deposits (including its own deposits and customer deposits), fixed-income securities held by the Group, financial assets held under resale agreements and margin financing and securities lending business. Interest income from these sources is generally linked to the prevailing market interest rates. During periods of declining interest rates, the Group's interest income would generally decrease. The Group generally makes interest payments on deposits it holds on behalf of its customers and its short-term borrowings. These interest expenses are typically linked to the prevailing market interest rates as well. During periods of rising interest rates its interest expenses and financing costs would increase. Significant interest rate fluctuations could reduce the Group's interest income or returns on fixed-income investments or increase its interest expenses.

The Group is exposed to foreign exchange rate risk.

While the Group's recording currency is Hong Kong dollar for the purposes of its consolidated financial statements, some of the Group's financial assets and liabilities are denominated in other currencies. As a result, fluctuations in exchange rates, particularly between the Renminbi, the Hong Kong dollar or the U.S. dollar, could affect the Group's profitability and may result in foreign currency exchange losses of its foreign currency-denominated assets and liabilities, which in turn materially and adversely affect the Group's financial conditions, results of operations and operations.

The Group faces risks associated with its business expansion.

The Group is committed to providing new products and services to enhance its business competitiveness and will continue to expand the financial products and services it offers according to the relevant regulations of the PRC and other relevant jurisdictions, develop new customers and enter into new markets. These activities expose the Group to new and potentially increasingly challenging risks, including, but not limited to: (i) insufficient experience or expertise in offering new products and services and dealing with new counterparties and customers; (ii) greater regulatory scrutiny, increased credit risks, market risks and operational risks; (iii) potential impact on the investment return of the Group due to the overall economic conditions; (iv) reputational concerns arising from dealing with less sophisticated counterparties and customers; (v) inadequate levels of service for its new products and services; (vi) failure to hire additional qualified personnel to support the offering of a broader range of products and services; (vii) unwillingness to accept the new products and services by the Group's customers or failure to meet its profitability expectations; (viii) failure to obtain sufficient financing from internal and external sources to support its business expansion; and (ix) unsuccessful enhancement of its risk management capabilities and IT systems to identify and mitigate all the risks associated with these new products and services, new customers and new markets. In particular, as a financial services provider, the Group is required to obtain various licences and permits in its operations. While the Group believes that it has received all requisite licences and permits for its current business operations, it may become subject to new regulatory requirements in its existing jurisdictions and in other new jurisdictions in the future. There is no assurance that the Group will be successfully in obtaining licences and permits required for its activities. If the Group is unable to achieve the intended commercial results with respect to its offering of new products and services, its business, financial condition, results of operations and prospects could be materially and adversely affected.

The Group may experience difficulty integrating its acquisitions, which could result in a material adverse effect on its operations and financial condition.

The Group is seeking to expand its business. However, the acquisitions that the Group has made and may make in the future as part of its strategic growth involve uncertainties and a number of risks, including:

- difficulty with integrating the assets, operations and technologies of the acquired businesses, including their employees, corporate cultures, managerial systems, processes and procedures and management information systems and services;

- complying with the laws, regulations and policies that are applicable to the acquired businesses;

- failure to achieve the anticipated synergies, cost savings or revenue-enhancing opportunities resulting from the acquisition of new businesses;

- managing relationships with employees, customers and business partners during the course of integration of new businesses;

- attracting, training and motivating members of its management and workforce;

- diverting significant management attention and resources from its other businesses;

- strengthening its operational, financial and management controls, particularly those of its newly acquired assets and subsidiaries, to maintain the reliability of its reporting processes; and

- difficulty with exercising control and supervision over the newly acquired operations, including failure to implement the Group's risk management procedures resulting in potential risks.

There is no assurance that the Group will not have difficulties in assimilating the operations, technologies, services and products of newly acquired companies or businesses. In the event that the Group is unable to efficiently and effectively integrate newly acquired companies or businesses, the Group may be unable to achieve the objectives or anticipated synergies of such acquisitions, and such acquisitions may adversely impact the operations and financial results of its existing businesses.

The Group faces intense competition and its businesses could be materially and adversely affected if it is unable to compete effectively.

The Group primarily operates in the PRC and Hong Kong, where the financial services industry is highly competitive. The Group mainly competes with non-banking financial institutions and alternative investment companies in the relevant markets. The Group competes with its competitors in terms of brand recognition, marketing and sales capabilities, service quality, financial strength, product and services portfolio, and pricing. There is no assurance that the Group is able to acquire investments and assets at suitable prices, or at all, under this intensified competition. When providing asset management services, the Group monitors the product prices offered by its competitors in each respective area and adjusts its commission fees and fee structure to increase its competitiveness. With intensifying market competition, competitors may reduce their prices to improve their market share, which may compel the Group to further reduce its fees to remain competitive.

Some of its competitors may have certain competitive advantages over the Group, including greater financial resources, stronger brand recognition, a broader range of products and services, more extensive operating experience, higher market share and a more extensive network. In addition, some of the Group's competitors may have more extensive knowledge, business relationships and/or a longer operational track record in the relevant geographic markets, which enable them to have a better access to potential clients and capital resources than the Group does.

There is no assurance that the Group can compete effectively against its current and future competitors, or that competitive forces in the market will not alter the industry landscape such that the Group's business objectives would become impractical or impossible.

The Group depends on its senior management team and talented and professional employees, and its business may be severely disrupted if the Group loses its services or fails to attract and retain those employees.

The Group believes that its success depends significantly on the continuing service of the members of the Group's senior management team, who are critical to the development and implementation of the Group's corporate strategy and continued growth. Moreover, the Group's ability to effectively compete in its current markets and expand into new businesses is dependent on recruiting and retaining talented and professional employees. As the Group's operations continue to expand, its demand for employees with a high level of management capability and expertise is increasing. However, competition for such employees in the financial services industry is intense and the availability of suitable and qualified candidates is limited. The loss of the services of any member of the Group's senior management team or the failure to recruit suitable or comparable replacements on a timely basis or attract and retain talented and professional employees could have a significant impact on the Group's ability to manage its business effectively, which may in turn materially and adversely affect its business, financial condition, results of operations and prospects.

The Group may not be able to manage its risks successfully through the use of derivatives, and derivative transactions could expose it to unexpected risks and potential losses.

The Group engages in derivative transactions as part of its investment businesses, and uses derivative instruments such as stock index futures to reduce the impact of price volatility in its investment portfolio and to hedge certain market risks. The Group enters into derivative transactions based on business judgement of its management. It may not be able to effectively identify risks or successfully use derivative instruments to reduce its risk exposure. The derivative contracts the Group enters into expose it to unexpected market, credit and operational risks that could cause it to suffer unexpected losses. While a transaction remains unconfirmed or during any delay in settlement, the Group is subject to heightened credit and operational risks and, in the event of default, may find it more difficult to enforce the relevant contracts. In addition, the secondary market for derivatives is volatile, and the Group may be inexperienced in dealing with new products or making appropriate judgments in trading derivative products.

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

The Group is required to comply with applicable anti-money laundering laws, anti-terrorism laws and other regulations in Hong Kong, the PRC and other jurisdictions where it operates and to have sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting activities. Such policies and procedures require the Group to, among other things, establish or designate an independent anti-money laundering department, establish a customer identification system in accordance with relevant rules, record the details of customer activities and report suspicious transactions to relevant authorities.

While the Group has adopted policies and procedures aimed at detecting and preventing the use of its business platforms to facilitate money laundering activities and terrorist acts, such policies and procedures in some cases have only been recently adopted and may not completely eliminate instances in which it may be used by other parties to engage in money laundering and other illegal activities. In the event that the Group fails to fully comply with applicable laws and regulations, the relevant government agencies may freeze its assets or impose fines or other penalties on it. There can be no assurance that the Group will not fail to detect money laundering or other illegal or improper activities. Such failure of the Group may affect its business reputation, financial condition and results of operations.

The Group may not be able to detect and prevent fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties.

The Group may be exposed to fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties that could subject it to financial losses and sanctions imposed by governmental authorities, as well as affect its reputation. These misconducts could include:

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;

- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to the Group in deciding whether to make investments or dispose of assets;

- improperly using or disclosing confidential information;

- recommending products, services or transactions that are not suitable for the Group's customers;

- misappropriation of funds;

- conducting transactions that exceed authorised limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities when marketing or selling products;
- engaging in unauthorised or excessive transactions to the detriment of the Group's customers; or
- otherwise not complying with applicable laws or the Group's internal policies and procedures.

The Group's internal control procedures are designed to monitor its operations and ensure overall compliance. However, such internal control procedures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner if at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions the Group takes to prevent and detect such activities may not be effective.

There is no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity as a result.

The Group's business might be affected by the operational failure of third parties.

The Group faces the risk of operational failure or termination of any of the exchanges, depositaries, clearing agents or other financial intermediaries it uses to facilitate its securities transactions. Any operational failure or termination of the particular financial intermediaries that the Group uses could adversely affect its ability to execute transactions, service its customers and manage its exposure to various risks. In addition, as its interconnectivity with its customers grows, the Group's business also relies heavily on its customers' use of their own systems, such as PCs, mobile devices and websites, and it will increasingly face the risk of operational failure in connection with its customers' systems. The operational failure of third parties may harm its business and reputation.

The Group's business is highly dependent on the proper functioning and improvement of its information technology systems.

The Group's business is highly dependent on the ability of its information technology systems to timely and accurately collect and process a large amount of financial and other information across numerous and diverse markets and products at its various subsidiaries. The proper functioning of the Group's financial control, risk management, accounting or other data collection and processing systems, together with the communication networks connecting the Group's various branches and outlets and its main data processing centre, is critical to the Group's businesses and to its ability to compete effectively. Although the Group has backup systems that could be used in the event of catastrophe or failure of the primary systems, a partial or complete failure of any of these primary systems or communication networks could adversely affect the decision-making process, the risk management and internal controls of the Group, as well as its timely response to changing market conditions. If the Group cannot maintain an effective data collection and management system, the Group's business operations, financial condition and results of operations could be materially and adversely affected.

In addition, the Group must continually make significant investments, upgrades and improvements in its information technology infrastructure in order to remain competitive. The quality and timing of information available to and received by the Group's management through its existing information systems may not be sufficient to manage risks as well as to plan for and respond to changes in market conditions and other developments in the Group's operations. In this regard, the Group may experience difficulties in upgrading, developing and expanding its information technology systems quickly enough to accommodate its growing customer base.

The Group may be subject to liability and regulatory action if it is unable to protect the personal data and confidential information of its clients.

The Group is subject to various laws, regulations and rules governing the protection of the personal data and confidential information of its clients. It routinely transmits and receives personal data and confidential information of its clients through the internet, by email and other electronic means. Third parties may have the technology or expertise to breach the security of the Group's transaction data and the Group may not be able to ensure that its vendors, service providers, counterparties or other third parties have appropriate measures in place to protect the confidentiality of such information. In addition, there is no assurance that its employees who have access to the personal data and confidential information of its clients will not improperly use such data or information. If the Group fails to protect its clients' personal data and confidential information, the competent authorities may issue sanctions against it, and it may have to provide economic compensation for losses arising from such failure. In addition, incidents of mishandling personal information or failure to protect the confidential information of the Group's clients could bring reputational harm to it, which may materially adversely affect its business and prospects.

The Group regularly encounters potential conflicts of interests, and its failure to identify and address such conflicts of interest could adversely affect its business.

The Group often encounters potential conflicts of interest where services to one client appear to conflict with its own or other clients' investments or interests. It also faces situations where a business line has access to material non-public information that is not permitted to be shared with its other businesses. A member of the Group may also be a counterparty to an entity with which the Group also has an advisory or other relationship. The Group has designed and implemented procedures and controls to identify and address conflicts of interests, including procedures and controls to prevent the improper sharing of information among its businesses. It also has systems and procedures to detect employee misconduct, as well as training programs designed to foster a culture of compliance and adherence to the highest standards of ethics among its employees. However, identifying and managing conflicts of interests can be complex and difficult, and the Group's reputation could suffer damage if it fails, or appears to fail, to identify, disclose and manage conflicts of interest appropriately. In addition, potential or perceived conflicts of interest could adversely impact clients' willingness to enter into transactions with the Group and could lead to regulatory enforcement actions or litigation.

Litigation and regulatory investigations and the resulting sanctions or penalties may adversely affect the Group's reputation, business, results of operations and financial condition.

The Group is exposed to risks associated with litigations relating to its operations, including the risk of lawsuits and other legal actions relating to information disclosure, financial products design, sales practises, fraud and misconduct, as well as protection of personal and confidential information of customers. The Group may be subject to arbitration claims and lawsuits in the ordinary course of its business. The Group may also be subject to inquiries, investigations, and proceedings by regulatory and other governmental agencies actions brought against it, which may result in settlements, injunctions, fines, penalties or other results adverse to it that could harm its reputation. Even if the Group is successful in defending itself against these actions, the costs of such defence may be significant. In addition, the Group may be subject to regulatory actions from time to time. A substantial legal liability or a significant regulatory action could have a material and adverse effect on the Group's operations, reputation and business prospects.

There is no assurance that the number of legal claims and amount of damages sought in litigation and regulatory proceedings may not increase in the future. A significant judgment or regulatory action against the Group or a disruption in its business arising from adverse adjudications in proceedings against its directors, officers or employees would have a material adverse effect on its liquidity, business, financial condition, results of operations and prospects.

The Group is subject to risks relating to natural disasters, epidemics, acts of war or terrorism or other factors beyond its control.

Natural disasters, epidemics, acts of war or terrorism or other factors beyond the Group's control may adversely affect the economy, infrastructure and livelihood of the people in the regions where the Group operates. These regions may be under the threat of flood, earthquake, sandstorm, snowstorm, fire or drought, power shortages or failures, potential wars or terrorist attacks or are susceptible to epidemics, such as Severe Acute Respiratory Syndrome (or SARS), avian influenza, H5N1 influenza, H1N1 influenza, H7N9 influenza or COVID-19. Serious natural disasters may result in a tremendous loss of lives and injury and destruction of assets and disrupt the Group's business and operations. Acts of war or terrorism may also injure the Group's employees, cause loss of lives, disrupt its business. The occurrence of these events may increase the cost of doing business, adversely affect the Group's operations or those of its clients, or result in losses in the Group's investment portfolios, due to, among other things, the failure of its counterparties to perform or significant volatility or disruption in financial markets, all of which may in turn adversely affect the Group's business, financial condition, results of operations and prospects.

RISKS RELATING TO THE PRC

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

The Group operates and invests in the PRC. The Group will, accordingly, be subject to economic, political and legal developments in the PRC as well as in the economies in the surrounding region.

The PRC economy differs from the economies of most developed countries in many respects, including:

- the extent of government involvement;
- the level of development;
- the growth rate;
- the economic and political structure;
- the control of foreign exchange;
- the allocation of resources; and
- the regulation of capital reinvestment.

For the past three decades, the PRC Government has implemented economic reform measures to emphasise the utilisation of market forces in economic development. Economic reform measures, however, may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country. As a result, the Group may not continue to benefit from all, or any, of these measures. In addition, although the economy of the PRC experienced rapid growth over the past 30 years, there has been a slowdown in the growth of the PRC's GDP since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. According to the National Bureau of Statistics of the PRC, the annual growth rate of China's GDP in 2021 increased to 8.4 per cent. on a year-on-year basis compared to 2.2 per cent. in 2020, which then dropped to 3.0 per cent. in 2022.

In addition, the PRC has also implemented reform measures to encourage economic growth and guide the allocation of resources. Some of these measures may have a negative effect on the Group. For example, the Group may be adversely affected by the PRC Government's control over capital investments or any types of margin requirement or any changes in tax or labour regulations or foreign exchange controls that are applicable to it. Since late 2003, the PRC Government has implemented a number of measures, such as raising bank reserves against deposit rates, to place additional limitations on the ability of commercial banks to make loans and raise interest rates, requesting the minimum capital margin. These actions, as well as future actions and policies of the PRC Government, could materially and adversely affect the Group's liquidity and access to capital and the Group's ability to operate its businesses. In addition, the Group may become subject to certain regulatory requirements (including but not limited to maintenance of financial leverage ratio) imposed by the PRC Government. Compliance with such regulatory requirements could result in the Group having to take certain actions or decisions which are not commercially favourable to the Group.

The future performance of the PRC's economy is not only affected by the economic and monetary policies of the PRC Government, but has been, and in the future will continue to be, materially affected by geo-political, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, investor sentiment, inflation, and the availability and cost of capital and credit.

Economic growth in the PRC has also historically been accompanied by periods of high inflation. Increasing inflation rates were caused by many factors beyond the Group's control, such as rising production and labour costs, high lending levels, changes in national and international governmental policies and regulations as well as movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. If inflation rates rise beyond the Group's expectations, the Group may be unable to increase the price of its services and products in amounts that are sufficient to cover its increasing operating costs. Further inflationary pressures within the PRC may have a material adverse effect on the Group's businesses, financial condition or results of operations.

Recently, concerns have arisen over deflationary pressures in the PRC as a result of weak domestic demand and a slowing economy. Inflation rates within the PRC have been on a downward trend in recent years. A prolonged period of deflation may result in falling profits, closure of plants and shrinking employment and incomes by companies and individuals, any of which could adversely affect the Group's businesses, financial condition or results of operations.

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

Interpretation and enforcement of the laws in the PRC may involve uncertainties.

Since 1979, the PRC Government has begun to promulgate a comprehensive system of laws and has introduced many new laws and regulations to provide general guidance on economic and business practices in the PRC and to regulate foreign investment. Progress has been made in the promulgation of laws and regulations dealing with economic matters, such as corporate organisation and governance, foreign investment, commerce, taxation and trade. The promulgation of changes to existing laws and the abrogation of local regulations by national laws could have a negative impact on the business and prospects of the Group. In addition, as these laws, regulations and legal requirements are relatively recent, their interpretation and enforcement may involve significant uncertainties. The interpretation of PRC laws may be subject to domestic political and policy changes.

On 1 January 2006, substantial amendments to the PRC Company Law (中華人民共和國公司法) and the PRC Securities Law (中華人民共和國證券法) came into effect. Since then, the PRC Company Law was further amended on 28 December 2013 (and came into effect on 1 March 2014), on 26 October 2018 (and came into effect on the same day) and on 29 December 2023 (will come into effect on 1 July 2024) and the PRC Securities Law was further amended on 29 June 2013, 31 August 2014 and 28 December 2019 (and came into effect on 1 March 2020). As a result, the State Council and the CSRC may revise the special regulations and mandatory provisions and adopt new rules and regulations to implement and to reflect the amendments to the PRC Company Law and the PRC Securities Law. The

Group cannot guarantee that any revision of the current rules and regulations or the adoption of new rules and regulations by the State Council and the CSRC will not have an adverse effect on the rights of the Noteholders.

It may be difficult to effect service of process upon, or against, the Group or its senior management members who reside in the PRC in connection with judgments obtained in non-PRC courts.

Some of the Group's assets and subsidiaries are located in China. In addition, some of the Group's directors and senior management reside within China, and certain assets of the directors and senior management may also be located within China. As a result, it may not be possible to effect service of process outside China upon some of the Group's directors and senior management, including for matters arising under applicable securities law. A judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with China or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. However, China does not have treaties providing for the reciprocal enforcement of judgments of courts with Japan, the United Kingdom, the United States and many other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgments from various jurisdictions is uncertain.

On 14 July 2006, the Supreme People's Court of the PRC and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned(關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排)(the "**Arrangement**"), which is still in full force and effect as of the date of this Offering Circular and will be replaced by and become invalid when the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and Hong Kong(關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排)(the "**New Arrangement**"), which was signed on 18 January 2019, comes into effect. Pursuant to the New Arrangement, if the parties have already signed the choice of court agreement in writing under the Arrangement before the New Arrangement enter into force, the Arrangement shall still apply. Under the Arrangement, where any designated People's Court of the Mainland or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing by the parties, any party concerned may apply to the relevant People's Court of the Mainland or Hong Kong court for recognition and enforcement of the judgment. However, the rights under the Arrangement are limited and the outcome and effectiveness of any action brought under the arrangement may still be uncertain.

Unlike other bonds issued in the international capital markets where holders of such bonds would typically not be required to submit to an exclusive jurisdiction, the Noteholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts. Thus, the Noteholders' ability to initiate a claim outside Hong Kong will be limited.

In addition, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC. While it is expected that the PRC courts will recognise and enforce a judgment given by a Hong Kong court and governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area.

Under the Enterprise Income Tax Law, the Issuer or the Guarantor may be classified as a "resident enterprise" of the PRC. Such classification could result in unfavourable tax consequences to the Issuer or the Guarantor and its non-PRC Noteholders.

Under the Enterprise Income Tax Law (the "**EIT Law**") of the PRC, an enterprise established outside the PRC with a "*de facto management body*" within the PRC is deemed a "resident enterprise", meaning that it can be treated as a PRC enterprise for enterprise income tax purposes. The implementing rules of the EIT Law define "*de facto management*" as "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. On 22 April 2009, the State Administration of Taxation issued the Notice of the State Administration of Taxation on Issues concerning the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of Their Body of Actual Management (the "**Circular 82**"), which provides that a foreign enterprise controlled by a PRC enterprise or a PRC enterprise group will be treated as a "resident enterprise" with a "*de facto management body*" located within the PRC if all of the following requirements are satisfied at the same time: (i) the senior management and core management departments in charge of daily operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within the PRC; and (iv) at least half of the enterprise's directors with voting rights or senior management frequently reside within the PRC. On 27 July 2011, the State Administration of Taxation issued the Administrative Measures on Income Tax on Overseas Registered Chinese-funded Holding Resident Enterprises (the "**Circular 45**"), to further clarify the rules concerning the recognition, administration and taxation of a foreign enterprise "controlled by a PRC enterprise or PRC enterprise group". Circular 45 identifies and defines two ways for a foreign enterprise "controlled by a PRC enterprise or a PRC enterprise group" to be treated as a resident enterprise. First, the foreign enterprise may decide on its own whether its de facto management body is located in the PRC based on the criteria set forth in Circular 82, and, if it makes such determination, it shall apply to the competent tax bureau to be treated as a resident enterprise. Second, the tax authority may launch investigations on its own initiative and determine that the foreign enterprise is a resident enterprise. On 29 January 2014, the State Administration of Taxation issued Announcement on Issues Concerning the Accreditation of Resident Enterprises Based on the Place of De Facto Management Criteria, which requires foreign enterprises that meet the conditions set forth in Circular 82 shall file application for accreditation as a resident enterprise with the competent tax authority.

As at the date of this Offering Circular, neither of the Issuer or the Guarantor has received a notification from the PRC tax authorities that it should be treated as a PRC resident enterprise. However, since (i) the Guarantor and the Issuer are indirectly controlled by COAMC, which is a joint stock limited company incorporated in the PRC; (ii) substantially all of the Guarantor's and the Issuer's directors and senior management were nominated by COAMC; and (iii) such directors and senior management are required to report to COAMC from time to time, there is no assurance that the Guarantor and the Issuer will not be deemed "resident enterprises" under the EIT Law and, therefore, be subject to enterprise income tax at a rate of 25% on their global income in the future. Provided that the Guarantor and the Issuer are each not considered to be a PRC resident enterprise for EIT Law purposes, the payment of interest on the Notes and payments under the Notes and the Guarantee to the non-PRC resident holders of the Notes will not be subject to PRC withholding tax. However, if the Issuer and/or the Guarantor are considered to be PRC resident enterprises, interest payments and/or payments under the Guarantee and gains on disposition of Notes may be subject to PRC tax as described below.

Under the EIT Law and the implementation regulations thereunder, PRC withholding tax at a rate of 10% is applicable to PRC-source income derived by any non-resident enterprise that has not established offices or premises in the PRC or that has established offices or premises in the PRC but the relevant income is not effectively connected therewith. The EIT Law's implementation regulations further set forth that interest income is viewed as PRC-source income if the enterprise or the establishment that pays or bears the interest is situated in China. If the Issuer or the Guarantor is deemed a PRC resident enterprise for tax purposes, interest and/or payments under the Notes or the Guarantee to non-PRC resident Noteholders may be regarded as PRC-sourced and therefore be subject to PRC withholding tax at a rate of 10% for non-PRC resident enterprise Noteholders or pursuant to the PRC Individual Income Tax Law (the "**IIT Law**") and the implementation regulations thereunder, at a rate of 20% for non-PRC resident individual Noteholders. Pursuant to the EIT Law, the IIT Law and the implementation regulations in relation to both the EIT Law and the IIT Law, any gains realised on the transfer of the Notes by such investors may also be subject to PRC income tax at a rate of 10% for non-PRC resident enterprise Noteholders or 20% for non-PRC resident individual Noteholders, if such gains are regarded as PRC-sourced. These rates may be reduced by an applicable tax treaty. However, it is unclear whether in practice Noteholders will be able to obtain reduced rates under treaties between their countries and the PRC.

Moreover, the Ministry of Finance (the "**MOF**") and the State Administration of Taxation jointly issued the Circular of Full Implementation of Business Tax to Value-Added Tax Reform (Cai Shui [2016] No. 36)(關於全面推開營業稅改徵增值稅試點的通知)(財稅[2016]36號)(the "**Circular 36**") on 23 March 2016 and respectively amended on 1 July 2017 and 1 April 2019, which provides that all business tax payers are included into the pilot programme to pay value-added tax ("**VAT**") from 1 May 2016. VAT is applicable where the entities or individuals provide services within the PRC, including the provision of loans. Any service will be treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. If the Issuer is deemed to be a PRC resident enterprise under the EIT Law, and if the Notes are treated as loans under the VAT regime (which is unclear), the amount of interest payable by the Issuer to any non-resident Noteholders may be subject to withholding VAT at the rate of 6%.

Pursuant to the Urban Maintenance and Construction Tax Law of the People's Republic of China(中華人民共和國城市維護建設稅法) issued by the Standing Committee of the National People's Congress (the "**NPC**") on 11 August 2020 and became effective on 1 September 2021 and the Announcement of the Ministry of Finance and State Administration of Taxation on the Measures for Determining the Tax Basis of Urban Maintenance and Construction Tax and Other Matters(財政部、稅務總局關於城市維護建設稅計稅依據確定辦法等事項的公告)(財政部、稅務總局公告2021年第28號), no urban maintenance, construction tax, educational surtax and local education surcharges shall be levied on VAT or consumption tax paid for the import of goods or sale of labour services, other services and intangible assets in PRC by entities or individuals outside the PRC.

However, VAT is unlikely to apply to any transfer of Notes between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Notes, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Notes is located inside the PRC. The above statements on VAT may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority.

If any of the Issuer or the Guarantor is required under the EIT Law to withhold PRC tax on interest paid to non-PRC resident holders, it would be required, subject to certain exceptions, to pay such additional amounts as would result in receipt by a holder of a Note of such amounts as would have been received by such holder had no such withholding been required. The requirement to pay additional amounts will increase the Issuer's or Guarantor's cost of servicing interest payments on the Notes and could have a material adverse effect on its ability to pay interest on, and repay the principal amount of, the Notes.

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

A portion of the Group's revenue, expenses and bank borrowings are denominated in Renminbi. As a result, fluctuations in exchange rates, particularly between the Renminbi, the Hong Kong dollar or the U.S. dollar, could affect its profitability and may result in foreign currency exchange losses. The exchange rate of the Renminbi against the Hong Kong dollar, U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in the PRC's, as well as, international, political and economic conditions and the PRC Government's fiscal and currency policies. Since 1994, the conversion of the Renminbi into foreign currencies, including the Hong Kong dollar and the U.S. dollar, has been based on rates set daily by the PBOC, based on the previous business day's inter-bank foreign exchange market rates and exchange rates in global financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of the Renminbi to U.S. dollars was generally stable. On 21 July 2005, the PRC Government adopted a more flexible managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band that is based on market supply and demand with reference to a basket of currencies. On 19 June 2010, the PBOC announced that the PRC Government would reform the Renminbi exchange rate regime and increase the flexibility of the exchange rate. On 16 April 2012, the PBOC enlarged the previous floating band of the trading prices of the Renminbi against the U.S. dollar in the inter-bank spot foreign exchange market from 0.5 per cent. to 1 per cent. in order to further improve the managed floating RMB exchange rate regime based on market supply and demand with reference to a basket of currencies. In March 2014, the PBOC further enlarged the floating band for the trading price of RMB against the U.S. dollar on the inter-bank spot exchange market to 2.0 per cent. around the central parity rate. On 11 August 2015, the PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider the closing exchange rate of the last trading date, the supply and demand of foreign exchange and the rate change at primary international currencies. In 2016, Renminbi experienced significant depreciation in value against the U.S. dollar but in 2017 and 2018 rebounded and appreciated significantly. Since April 2019, Renminbi has depreciated in value against the U.S. dollar amidst an uncertain trade and global economic climate. On 5 August 2019, PBOC set the Renminbi's daily reference rate above 7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. The currency devaluation of the Renminbi was intended to bring it more in line with the market by taking market signals into account, as well as boosting the competitiveness of the PRC's exports. With an increased floating range of the Renminbi's value against foreign currencies and a more market-oriented mechanism for determining the mid-point exchange rates, the Renminbi may further appreciate or depreciate significantly in value against the U.S. dollar or other foreign currencies in the long-term. The PRC government may also make further adjustments to the exchange rate system in the future. There is no assurance that the Renminbi will not experience significant fluctuations against the Hong Kong dollar or U.S. dollar in the future. Any significant decrease in the value of the Renminbi against foreign currencies could reduce the value of the Group's Renminbi-denominated revenue and assets and increase the Group's cost in satisfying its obligations under the Notes.

RISKS RELATING TO THE NOTES ISSUED UNDER THE PROGRAMME

Risks Relating to the Notes and the Guarantee

The Issuer is a special purpose company with no substantial business activities and has limited financial resources.

The Issuer is an offshore subsidiary of the Guarantor incorporated specifically for the purpose of raising finance through the issuance of the Notes. The Issuer has limited assets as recourse for Noteholders. The Issuer does not and will not have any business activities other than the issue of the Notes, and its ability to make payments under the Notes will depend on its receipt of timely remittance of funds from the Guarantor and/or the Guarantor's subsidiaries. There is no assurance that the Issuer could receive timely and sufficient funds from the Guarantor and/or the Guarantor's subsidiaries to meet its payment obligations under the Notes.

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

The Guarantor is a wholly-owned offshore subsidiary of COAMC, acting as its primary overseas platform. There is no assurance that the Guarantor is able to generate sufficient cash from its operations to meet its payment obligations under the Guarantee. In addition, payments under the Guarantee are structurally subordinated to all existing and future liabilities and obligations of each of the Guarantor's subsidiaries and associated companies. Claims of creditors of such subsidiaries and associated companies will have priority as to the assets of such companies over the Guarantor and its creditors, including holders of the Notes seeking to enforce the Guarantee.

COAMC, the Guarantor and the Issuer are ultimately state owned entities, but none of the PRC governmental bodies is an obligor under the Notes or the Guarantee. The payment obligations under the Notes or the Guarantee remain the sole obligations of the Issuer and/or the Guarantor (as the case may be), and any such ownership or control by the PRC government does not necessarily correlate to, or provide any assurance as to, the financial condition of the Issuer or the Guarantor. Under no circumstances shall any of the PRC governmental bodies have any obligation arising out of or in connection with the Notes or the Guarantee in lieu of the Issuer or the Guarantor.

The Notes do not contain restrictive operating covenants.

The Trust Deed will contain various covenants intended to benefit the holders of the Notes that limit the ability of the Issuer and/or the Guarantor to, among other things, incur security interest to secure Relevant Indebtedness (as defined in the Terms and Conditions of the Notes). However, such covenant shall not apply to, among other things, any security upon any property or assets of the Issuer, the Guarantor or any of their respective subsidiaries with a book value not exceeding 20 per cent. of the Consolidated Total Assets (as defined in the Terms and Conditions of the Notes) in the aggregate and which is created pursuant to any securitisation, repackaging or like arrangement in accordance with normal market practice. If the Issuer, the Guarantor or any of their respective subsidiaries does so, the Notes and the Guarantee will be effectively subordinated to such Relevant Indebtedness to the extent of the value of assets serving as security therefor.

The Trust Deed, however, does not contain restrictions on the payment of dividends or making of other restricted payments. In addition, the Trust Deed does not contain any other covenants or provisions designed to afford holders of the Notes protection in the event of a highly leveraged transaction involving the Issuer or the Guarantor that could adversely affect such holders. Subject to the terms of their respective existing debt and credit facilities, the Issuer and the Guarantor may incur substantial additional indebtedness in the future.

The Notes and the Guarantee are unsecured obligations.

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

- the Issuer or the Guarantor enter into bankruptcy, liquidation, reorganisation or other winding-up proceedings;

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

- there is an acceleration of any of the Issuer' or the Guarantor's indebtedness.

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

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

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

The Issuer may not be able to repurchase the Notes upon the exercise of a redemption option by Noteholders.

Upon the occurrence of certain events, including but not limited to a Change of Control and a No Registration Event as described in "*Terms and Conditions of the Notes*", Noteholders may require the Issuer to redeem their Notes. The source of funds for any such redemption would be the Issuer's available cash and third-party financing. The Issuer, however, may not have sufficient available funds at the time of the occurrence of any such event to redeem the tendered outstanding Notes. The Issuer's failure to redeem the tendered Notes would constitute an Event of Default (as defined in "*Terms and Conditions of the Notes*"). This Event of Default may, in turn, constitute an event of default under other indebtedness, which could cause the related debt to be accelerated after any applicable notice or grace periods.

The liquidity and price of the Notes may be volatile.

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

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

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

A trading market for the Notes may not develop.

Each Tranche of Notes are a new issue of securities for which there is currently no trading market. There can be no assurance as to the liquidity of the Notes or that an active trading market will develop. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations and the market for similar securities. The relevant Dealers in relation to any Tranche of Notes are not obligated to make a market in the Notes and any such market making, if commenced, may be discontinued at any time at the sole discretion of the relevant Dealers in relation to any Tranche of Notes.

There may be less publicly available information about the Group than is available for companies in certain other jurisdictions.

Shares of the Issuer and the Guarantor are not listed on any stock exchange. There may be less publicly available information about companies not listed on any stock exchange. The consolidated financial statements of the Guarantor included in this Offering Circular have been prepared and presented in accordance with HKFRS. In making an investment decision, each investor should rely upon its own examination of the Group, the terms of the offering and other disclosure contained herein. Each investor should consult its own professional advisers for an understanding of the differences between HKFRS and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

The ratings of the Notes may be downgraded or withdrawn.

Tranches of Notes to be issued under the Programme may be rated or unrated. The ratings represent the opinions of the rating agencies and their assessment of the ability of the Issuer and the Guarantor to perform their respective obligations under the relevant Notes and the Guarantee and credit risks in determining the likelihood that payments will be made when due under the relevant Notes. A rating is not a recommendation to buy, sell or hold the relevant Notes and may be subject to suspension, reduction or withdrawn at any time. A reduction or withdrawal of the ratings may adversely affect the market price of the relevant Notes and the Issuer's or Guarantor's ability to access the debt capital markets.

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

On 21 September 2022, S&P downgraded the Guarantor's corporate rating by one notch to 'BBB', from 'BBB+', reflecting increasingly challenging operating conditions for the Big Four Asset Management Companies due to economic slowdown, greater market volatility and the risks associated with the real estate sector. On 3 January 2024, Fitch downgraded the Guarantor's corporate rating by one notch to 'A-', from 'A', reflecting reduced government support expectations. Any such adverse revision to the Guarantor's corporate ratings, or those of its subsidiaries, by rating agencies such as S&P or Fitch may affect the Group's business, its financial performance and the trading price of the Notes. Further, the Group's ability to obtain financing or to access to capital markets may also be limited, thereby lowering its liquidity.

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

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

Any failure to complete the relevant registration or filings with the NDRC relating to the issue of Notes may have adverse consequences for the Guarantor, the Issuer and/or the investors of the Notes.

The NDRC issued the NDRC New Measures on 5 January 2023, which came into effect on 10 February 2023 and replaced the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations(國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)(the "**Circular 2044**"). According to the NDRC New Measures, domestic enterprises and their overseas controlled entities shall procure the registration of any medium to long term debt instruments with a term more than one year issued or incurred outside the PRC with the NDRC prior to the issue of the debt instruments or drawings under the loans, and notify the particulars of the relevant issues or drawings within ten PRC working days after the completion of the relevant issue or drawing.

Under the NDRC New Measures, enterprise shall, (i) file or cause to be filed with the NDRC the requisite information and documents within ten PRC business days after each foreign debt issuance and the expiration of the certificate of examination and registration of foreign debts borrowed by enterprises (企業借用外債審核登記證明) with respect to the relevant Notes in accordance with the NDRC New Measures, (ii) file or cause to be filed with the NDRC the requisite information and documents within five PRC business days before the end of January and the end of July each year, and (iii) file or cause to be filed the requisite information and documents upon the occurrence of any material event that may affect the enterprise's due performance of its debt obligations.

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

The Issuer, to the extent applicable, undertakes to file or cause to be filed with the NDRC the requisite information and documents in connection with the relevant Series of Notes from time to time within the relevant prescribed timeframes in accordance with the NDRC New Measures and any implementation rules or policies as issued by the NDRC from time to time. A failure to complete any applicable registration and filing procedure will not only constitute a breach of relevant laws and regulations (which may lead to administrative penalties), but also may constitute an event of default pursuant to which the Notes may be accelerated.

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

The Trustee may request holders of the Notes to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances, including without limitation giving notice to the Issuer pursuant to Condition 9 of "*Terms and Conditions of the Notes*" and taking enforcement steps pursuant to Condition 13 of "*Terms and Conditions of the Notes*", the Trustee may, at its sole discretion, request holders of the Notes to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of holders of the Notes. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed (as defined in "*Terms and Conditions of the Notes*") or the Terms and Conditions of the Notes and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Notes to take such actions directly.

Modification, waivers and substitutions are binding on all Noteholders.

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

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders or Couponholders (as defined in the Terms and Conditions of the Notes) agree to any modification of, or the waiver or authorisation of any breach or proposed breach of, any of the Conditions or any of the provisions of the Trust Deed, or determine, without any such consent as aforesaid, that a Default or an Event of Default shall not be treated as such (provided that the Trustee will not do so in contravention of an express direction given by an Extraordinary Resolution in respect of the Notes or a request made pursuant to Condition 10 in respect of the Notes). There is a risk that the decision made by the Trustee may be adverse to the interests of the individual holders of the Notes.

In addition, the Terms and Conditions of the Notes contain provisions permitting (but not obliging) the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders, Receiptholders (as defined in the Terms and Conditions of the Notes) or the Couponholders, to the substitution of the Issuer's successor in business or any Subsidiary (as defined in the Terms and Conditions of the Notes) of the Issuer or its successor in business or of the Guarantor or its successor in business or any Subsidiary of the Guarantor or its successor in business in place of the Issuer or the Guarantor, or of any previous substituted company, as principal debtor or guarantor under the Trust Deed, the Agency Agreement, the Notes, the Receipts, the Coupons and the Talons (each as defined in the Terms and Conditions of the Notes), subject to certain conditions set out in the Trust Deed being complied with. Such substitution may bind the Noteholders, Receiptholders or the Couponholders without their consent.

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

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

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

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

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

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

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

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

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

The Issuer will pay principal and interest on the Notes in the currency specified in the relevant Pricing Supplement (the "**Specified Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

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

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

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

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

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

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

A holder of a beneficial interest in a Global Note or Global Certificates must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificates.

Holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right under the respective Global Notes or Global Certificates to take enforcement actions against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Trust Deed.

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

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

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

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

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

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

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

(ii) they may receive no interest;

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

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

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

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

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

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

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

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

Notes carrying an interest rate which may be converted from fixed to floating interest rates and vice-versa, may have lower market values than other Notes.

Fixed Rate Notes and Floating Rate Notes (as defined in the Terms and Conditions of the Notes) may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

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

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

Notes subject to optional redemption by the Issuer may have a lower market value than Notes that cannot be redeemed.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem Notes when the cost of borrowing is lower than the interest rate payable on the Notes. At such times, an investor generally would not be able to reinvest the redemption proceeds at an interest rate as high as the interest rate payable on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Risks Relating to Renminbi-denominated Notes

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

Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC which may adversely affect the liquidity of the Renminbi Notes.

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. However, remittance of Renminbi into and out of the PRC for settlement of capital account items, such as capital contributions, debt financing and securities investment, is generally only permitted upon obtaining specific approvals from or completing specific registrations or filing with the relevant authorities on a case-by-case basis and subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are being adjusted from time to time to match the policies of the PRC government.

Although the Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016, and the People's Bank of China (the "**PBOC**") and the Ministry of Commerce of the PRC have implemented policies for further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies, there is no assurance that the PRC government will continue to gradually liberalise control over cross-border Renminbi remittances in the future or that new PRC regulations will not be promulgated in the future which have the effect of restricting the remittance of Renminbi into or outside the PRC. In the event that the Group is not able to repatriate funds outside the PRC in Renminbi to meet its obligations under the Notes, the Issuer or the Guarantor will need to source Renminbi offshore to finance their respective obligations under Renminbi Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

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

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the PBOC has entered into agreements on the clearing of Renminbi business with financial institutions (each, a "**Renminbi Clearing Bank**") in a number of financial centres and cities, including but not limited to Hong Kong, London, Frankfurt and Singapore, has established the Cross-Border Inter-Bank Payments System (CIPS) to facilitate cross-border Renminbi settlement and is in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi-denominated financial assets outside the PRC remains limited.

There are regulations imposed by the PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC, although the PBOC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. The Renminbi Clearing Banks only have limited access to onshore liquidity support from the PBOC to square open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, where the participating banks cannot source sufficient Renminbi through the above channels, the participating banks will need to source Renminbi from the offshore market to square such open positions.

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

Investment in Renminbi Notes is subject to exchange rate risks.

The value of the Renminbi against the US dollar and other foreign currencies fluctuates and is affected by changes in the PRC, by international political and economic conditions and by many other factors. All payments of interest and principal will be made with respect to Renminbi Notes in Renminbi. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the Renminbi Notes entails foreign exchange related risks, including possible significant changes in the value of Renminbi relative to the currency by reference to which an investor measures its investment returns. Depreciation of the Renminbi against such currency could cause a decrease in the effective yield of the Renminbi Notes below their stated coupon rates and could result in a loss when the return on the Renminbi Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in Renminbi Notes.

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

All payments to investors in respect of Renminbi Notes will be made solely by (i) when Renminbi Notes are represented by Global Notes or Global Certificates, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures, or (ii) when Renminbi Notes are in definitive form, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. Neither the Issuer nor the Guarantor is required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated capitalisation and indebtedness of the Group as at 31 December 2022. The following table should be read in conjunction with the Group's 2022 Consolidated Financial Statements and related notes included elsewhere in this Offering Circular.

	As at 31 December 2022
	(HK$'000)
Borrowings – current portion	
Borrowings	11,794,543
Bonds and notes payables	3,117,626
Borrowings – non-current portion	
Borrowings	1,046,843
Bonds and notes payables	39,443,111
Total borrowings	**55,402,123**
Share capital	–
Reserves	10,020,741
Perpetual capital securities	–
Non-controlling interests	358,803
Total equity	**10,379,544**
Total capitalisation[1]	**65,781,667**

Notes:

(1) Total capitalisation equals the sum of total borrowings and total equity.

Except as otherwise disclosed in this Offering Circular, there has been no material adverse change in the consolidated capitalisation and indebtedness of the Group since 31 December 2022.

USE OF PROCEEDS

The Issuer proposes to use the net proceeds from each issue of the Notes as working capital and for general corporate purposes of the Group. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

DESCRIPTION OF THE ISSUER

OVERVIEW

The Issuer is a wholly-owned subsidiary of the Guarantor. The Issuer was incorporated as a BVI business company with limited liability under the BVI Business Companies Act, 2004 (as amended) in the BVI on 18 February 2014. The registered office of the Issuer is Arias, Fabrega & Fabrega Trust Co. BVI Limited, Level 1, Palm Grove House, Wickham's Cay 1, Road Town, Tortola, British Virgin Islands. The Issuer is authorised to issue a maximum of 50,000 shares of a single class with US$1.00 par value per share. The Issuer has one share in issue.

BUSINESS ACTIVITIES

Since its incorporation, the Issuer had engaged in certain investment activities. However, as at the date of this Offering Circular, the Issuer has no material assets and liabilities, and is not engaged in any material activities, other than those in connection with the proposed issuances of the Notes and those in connection with the Issuer's Existing Bonds.

SOLE DIRECTOR

The sole director of the Issuer as at the date of this Offering Circular is the Guarantor.

FINANCIAL INFORMATION

Effective from 1 January 2023, the Issuer is under the law of the British Virgin Islands required to file a financial annual return with its registered agent within nine months after the end of each year to which the financial annual return relates.

DESCRIPTION OF THE GROUP

OVERVIEW

The Guarantor is an indirect, wholly-owned subsidiary of COAMC. COAMC is one of the Big Four Asset Management Companies established with the approval from the State Council and the PBOC in October 1999 to offload the banking system's NPL assets. The COAMC Group has since evolved into a leading integrated financial services group in the PRC, offering distressed asset management services, insurance services, banking services, securities services, trust services, credit rating services and overseas services. With a focus on distressed assets and the three tasks of China's financial sector to make the financial sector better serve the real economy, contain financial risks and deepen financial reforms, COAMC has continued to expand its main business in distressed assets and endeavoured to promote its high-quality development. To date, the COAMC Group has accumulatively managed and disposed of more than RMB2 trillion distressed assets, making positive contributions to the stability of China's financial system.

The Guarantor serves as the only overseas operating platform of the COAMC Group, offering a specialised, diversified and comprehensive portfolio of financial services and customised solutions, including distressed asset investment, special opportunities investment and primary and secondary market investment. Strategically located in Hong Kong, the Guarantor serves as a bridge between domestic resources and overseas markets for the COAMC Group and plays a key role in spearheading the COAMC Group's cross-border and international businesses.

The Group primarily engages in investments related to distressed assets, special opportunities, and primary and secondary markets. Leveraging the COAMC Group's brand name, business network, customer base, and management support of the COAMC Group, the Group invests its own capital in cross-border opportunities and acts as a cross-border investment and asset manager providing services to both onshore and offshore clients. Since 2018, the Group has strategically refocused its efforts on its core competency in distressed asset investment, adhering to the guiding principle of "Returning to the Fundamentals of AMC's Business(回歸主業)". In pursuit of operational excellence, the Group established a strategic business transformation plan in 2020. Building on this foundation, in 2022, the Group formally delineated its three principal business areas, namely distressed asset investment, substantial restructuring, and licensed businesses. Distressed asset investment is the core of the Group's investment business which is crucial for its sustainable growth. In line with the strategic business transformation plan, the Group actively pursues thematic distressed asset investment opportunities. Substantial restructuring businesses mainly focuses on special opportunities investments, whose primary clients are companies and investors who conduct cross-border investments and financings. The Group's substantial restructuring business serves the financing and investment needs of clients during financial distress, business restructuring and reorganisation, and crisis management. Serving as a bridge between COAMC and overseas distressed asset markets, the Group proactively delivers cross-border solutions to COAMC and provides it with channels to identify potential investment targets and strategic partners. Through acquisition and disposal of distressed asset packages auctioned off by financial institutions, rescue of distressed firms and spin-off of non-core assets and businesses by firms, and acquisition and restructuring of distressed and bankrupt assets and companies, the Group revitalises the value of distressed assets and realises the investment profits.

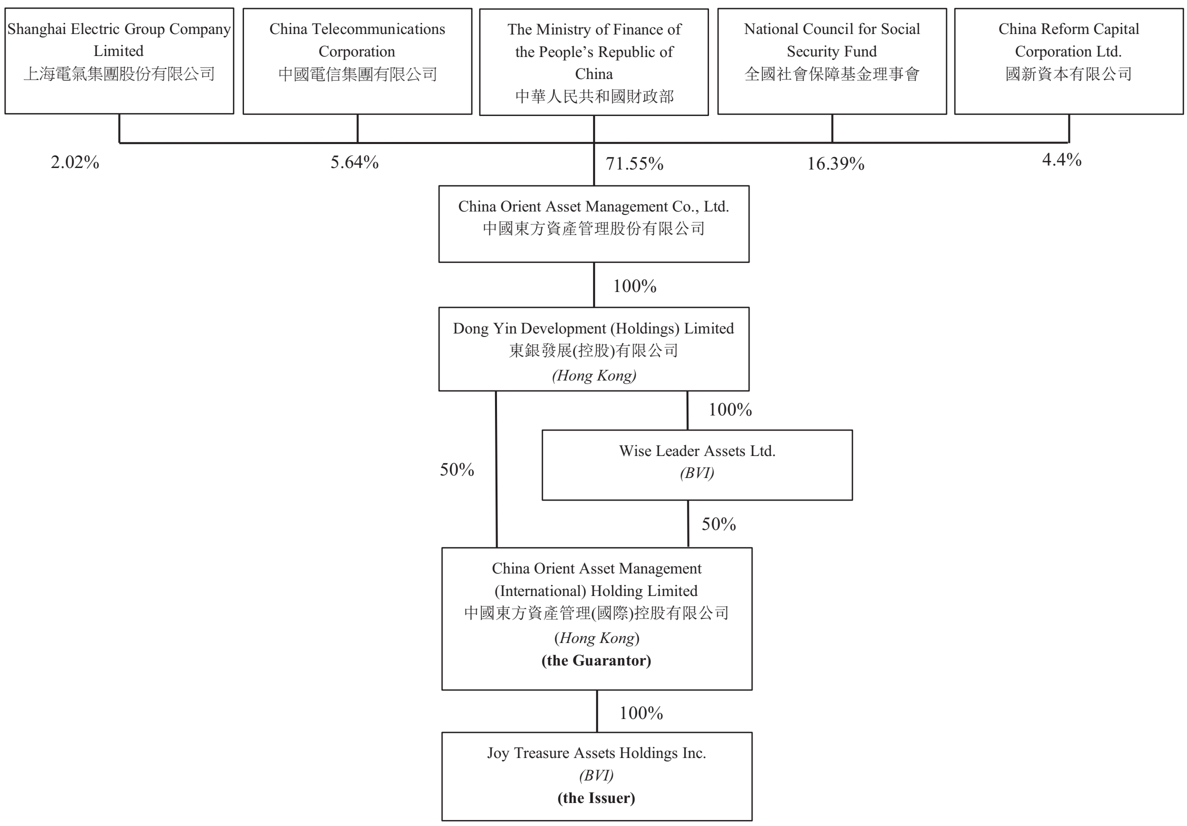
To expand its operations and better serve its client needs, the Group has also obtained licences to carry out various regulated activities such as the licence as a money lender, the licences for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities from the Hong Kong Securities and Futures Commission, and the RQFII qualification from the China Securities Regulatory Commission. The Group's licensed business comprises fund management and investments in primary and secondary markets.

As at 31 December 2020, 2021 and 2022, the Group's total assets were HK$78.6 billion, HK$80.5 billion and HK$85.8 billion while its total liabilities were HK$65.8 billion, HK$67.0 billion and HK$75.4 billion, respectively. For the years ended 31 December 2020, 2021 and 2022, the Group's revenue, gains and income (including revenue, other income – others, other gains and losses – net realised & unrealised gains (losses) of financial assets at FVTPL, other gains and losses – net realised and unrealised gains (losses) of financial liabilities at FVTPL, other gains and losses – fair value changes from investment in an associate measured at FVPL, other gains and losses – gains on disposals of associates, other gains and losses – gains on disposals of JV, other gains and losses – gains on disposals of subsidiaries, other gains & losses – others, and share of results of associates & JV) was HK$6,186.5 million, HK$4,748.5 million and HK$3,357.4 million, respectively. Despite the impact of the COVID-19 pandemic and economic downturn, the Group's profit for the year was recorded at HK$438.9 million, HK$886.1 million and HK$442.6 million, respectively, during the same periods.

As at 31 December 2022, the Guarantor had net liabilities of HK$3,638.8 million (at the company level). Please refer to note 38 (Statement of financial position and reserves of the company) of the Group's 2022 Consolidated Financial Statements for further information. Although the Guarantor recorded net liabilities as at 31 December 2022, the value of the Guarantor's assets in fact exceeded its liabilities, primarily due to that its investments in subsidiaries were recorded at historical cost in the statement of its standalone financial position and reserves and therefore did not reflect the fair value of such assets.

ORGANISATIONAL STRUCTURE

The following chart illustrates the simplified organisational structure of the Group as at the date of this Offering Circular.



HISTORY AND DEVELOPMENT

The Guarantor was incorporated in Hong Kong on 7 August 2002 (company number: 809353) and, after restructuring and changes in name, commenced business operations in June 2011.

The following table sets out certain key corporate historical events and milestones during the Group's development:

2002	The Guarantor was incorporated in Hong Kong on 7 August 2002 under the name East Sense Limited.
2009	The Guarantor was renamed China Orient (Hong Kong) Asset Management Corporation Limited on 23 June 2009.
2011	The Guarantor was renamed China Orient Asset Management (International) Holding Limited 中國東方資產管理(國際)控股有限公司 on 22 March 2011. The Group was formally established, with its business including investment business, asset management business, etc. Dong Yin Development (Holdings) Limited ("**Dong Yin Development**") and Wise Leader Assets Ltd., both of which are wholly-owned by COAMC, became the shareholders of the Guarantor, each holding 50 per cent. of the Guarantor's shares.
2012	China Orient International Asset Management Limited, a wholly-owned subsidiary of the Guarantor incorporated in Hong Kong, obtained a licence for Type 4 (advising on securities) and Type 9 (asset management) regulated activities granted by the Hong Kong Securities and Futures Commission.
2013	On 19 September 2013, Century Master Investment Co. Ltd., a wholly-owned subsidiary of the Guarantor incorporated in the British Virgin Islands, issued 4.75 per cent. bonds due 2018 in the aggregate principal amount of US$600,000,000. The bonds were guaranteed by the Guarantor with the benefits of a keepwell deed and a deed of equity interest purchase and investment undertaking provided by COAMC. The bonds were assigned a rating of "BBB" by S&P, and a rating of "A-" by Fitch. COAMC, and the Guarantor became the first among the Big Four Asset Management Companies (namely, COAMC, China Cinda Asset Management Co., Ltd., China Huarong Asset Management Co., Ltd. and China Great Wall Asset Management Corporation and their respective subsidiaries) to issue offshore U.S. dollar denominated bonds and obtain international ratings. China Orient International Capital Limited, which was acquired as a subsidiary of the Guarantor, obtained a licence for Type 6 (advising on corporate finance) regulated activities granted by the Hong Kong Securities and Futures Commission. China Orient International Asset Management Limited obtained RQFII qualification from the China Securities Regulatory Commission.

2014 . . . . On 26 August 2014, COAMC and the Guarantor established a US$2,000,000,000 Medium Term Note Programme (the "**2014 Medium Term Note Programme**"), under which Charming Light Investments Ltd., a wholly-owned subsidiary of the Guarantor, could from time to time issue notes guaranteed by the Guarantor with the benefits of a keepwell deed and a deed of equity interest purchase and investment undertaking provided by COAMC. In addition, United Wealth Development Ltd., another wholly-owned subsidiary of the Guarantor, could from time to time issue notes guaranteed by COAMC. COAMC and the Guarantor became the first among the Big Four Asset Management Companies to set up a medium-term note programme offshore.

On 27 October 2014, the Group set up a wholly-owned subsidiary, China Orient Advisors Inc. in the United States and expanded its operations to another financial centre in the world. Through its move, the Group gained valuable experience from working closely with world-class financial institutions, and strengthened its strategic relationships with international investors and asset managers. China Orient Advisors Inc. currently facilitates the Group's management of its U.S.-end investments.

China Orient International Capital Limited has obtained a license for Type 1 (dealing in securities) regulated activities from the Hong Kong Securities and Futures Commission.

2015 . . . . The Group issued asset-backed securities based on the assets in multiple countries.

2016 . . . . The Group completed its first syndicated loan in an aggregate principal amount of US$350,000,000 with a three-year tenor in the offshore market, expanding its banking networks overseas.

On 1 February 2016, the Group established the China Orient Alternative Investment Fund providing customised financings to Hong Kong and overseas companies.

On 28 February 2016, China Orient International Capital Limited was renamed Dongxing Securities (Hong Kong) Company Limited 東興證券(香港)有限公司, which later became an associate company of the Guarantor.

On 1 June 2016, the Group's RQFII (A Share) Investment Fund and Overseas Bond Fund (RQFII投資A股股票基金) were inaugurated, specialising in A-Share investment.

On 1 December 2016, the Group set up the China Orient Yunfan Credit Fund L.P. (雲帆基金) which focuses on overseas credit investment.

2017 . . . . On 1 February 2017, the Qinghai Provincial Traditional Tibetan Medicine Industry Development Fund (青海省藏醫藥產業發展基金) was formed, demonstrating the Group's efforts in diversifying its investment targets and branching out to investments in the healthcare industry.

In December 2017, the Group further updated its 2014 Medium Term Note Programme, under which the relevant issuer issued its first floating-rate bonds and perpetual bonds. These issuances further optimised the Group's debt and capitalisation profile.

2018 . . . . The asset management industry began a strategic transformation to refocus on core businesses. The Guarantor has maintained its prestigious status as the sole international arm of COAMC, reinforcing its unique position in global operations.

The Group has actively and progressively refocused on its core business of distressed asset investment. It has acquired the overseas distressed assets of Chinese financial institutions, positioning itself as one of the pioneering state-owned AMCs to acquire and dispose of Chinese financial institutions' distressed assets in Hong Kong.

In June 2018, the Group launched the second phase of the China Orient Yunfan Credit Fund L.P.（雲帆基金）.

2019 . . . . On 20 March 2019, the Issuer issued the US$400 million 3.875 per cent. bonds due 2024 and the US$300 million 4.500 per cent. bonds due 2029 (the "**March 2019 Bonds**"), each guaranteed by the Guarantor. On 24 September 2019, the Issuer issued the 2.875 per cent. bonds due 2024 in the aggregate principal amount of US$400 million and the 3.500 per cent. bonds due 2029 in the aggregate principal amount of US$500 million, each guaranteed by the Guarantor. The Guarantor became the first Chinese AMC's overseas platform to independently issue offshore bonds, leveraging its own credit without relying on keepwell support from its onshore parent company.

2020 . . . . The Group established a strategic business transformation plan focused on long-term growth and sustainability.

The Group has been dedicated to mitigating financial risks and has rigorously withdrawn from sectors with restrictions.

On 17 November 2020, the Issuer issued the US$450 million 1.875 per cent. bonds due 2025 and the US$300 million 2.750 per cent. bonds due 2030, each guaranteed by the Guarantor. The Issuer was the first Chinese state-owned enterprise to successfully issue offshore US dollar-denominated bonds following the presidential election of the United States.

In 2020, the March 2019 Bonds won "Best FIG Bond Hong Kong" by The Asset Asian Awards.

2021 . . . . Following the central government's inspection, COAMC diligently adhered to the guidelines, established new governance rules, reinforced penetrative management practices, underscored the compliance requirements for overseas entities, and directed the Guarantor towards further enhancements in corporate governance.

On 2 March 2021, China Orient International Asset Management Limited obtained a licence for Type 1 (dealing in securities) regulated activities granted by the Hong Kong Securities and Futures Commission.

On 30 August 2021, the Group redeemed all the outstanding US$650,000,000 2.375 per cent. notes due 2021 issued by Charming Light Investments Ltd. under the 2014 Medium Term Note Programme, at their principal amount.

2022 . . . . The Group formally delineated three principal business areas, namely distressed asset investment, substantial restructuring, and licensed businesses.

In August 2022, the Group set up its first limited partnership fund in Hong Kong, Orient Energy Opportunity Investment Limited Partnership Fund(東方能源機會有限合夥基金), which mainly invests in non-standardised debt assets and equity assets in the energy industry with distressed asset features, through structured acquisition of distressed asset packages and individual projects of institutions located in Hong Kong.

On 21 December 2022, the Group redeemed all the outstanding US$250,000,000 4.25 per cent. unsubordinated guaranteed perpetual securities issued by Charming Light Investments Ltd. under the 2014 Medium Term Note Programme, at their principal amount.

STRENGTHS

The Group believes that the competitive strengths set out below differentiate it from other industry participants and have enabled it to compete effectively and seize growth opportunities.

COAMC is one of the Big Four Asset Management Companies

COAMC is one of the Big Four Asset Management Companies established with the approval from the State Council and the PBOC in October 1999 to offload the banking system's distressed assets, embarking on its mission to safeguard state-owned assets, resolve financial risks and advance the reform of state-owned banks and enterprises. The COAMC Group has transformed into a leading provider of comprehensive services in the PRC, delivering a wide range of services, including distressed asset management services, insurance services, banking services, securities services, trust services, credit rating services and overseas services.

As at 30 June 2023, the COAMC Group boasted a robust national presence with 26 branches located in key central cities across the country. Its workforce exceeded 50,000 employees, reflecting the COAMC Group's considerable scale and capacity for operations. This extensive network has fostered a wealth of synergistic opportunities, underpinning the COAMC Group's diverse and dynamic business operations.

Strong support of and synergy with the COAMC Group

The Guarantor serves as the only overseas operating platform of the COAMC Group, offering a specialised, diversified and comprehensive portfolio of financial services and customised solutions, including distressed asset investment, special opportunities investment and primary and secondary market investment. It plays a key role in spearheading the development of the COAMC Group's cross-border and international businesses. Given its strategic importance within the COAMC Group, the Group has received support from the COAMC Group in various aspects. For example, before the Group independently accessed the domestic bond market or when it needs to source additional working capital onshore, COAMC provides loans to the Group to fund its onshore investment and working capital requirements. The COAMC Group also provides support in the Group's financing activities. COAMC has provided keepwell and equity repurchase commitments for bonds issued by the Group in the past. The Group has also benefited from the COAMC Group's brand recognition in forming business relationships. Many cross-border business opportunities generated by the COAMC Group were directly referred to and executed through the Group. Further, as COAMC directly appoints certain directors and senior management of the Guarantor, many on the Group's management team have held various roles in the COAMC Group, where they acquired extensive management experience and developed in-depth understanding of the financial market.

The Group also enjoys significant synergies with different business lines of the COAMC Group, creating an extensive business network. For example, leveraging on its investment experience and business network in offshore markets, the Group shares investment opportunities with China United Insurance Holding Company ("**China Insurance**"), through which the COAMC Group offers insurance products and services. Such partnership enables China Insurance to diversify its asset allocation and increases the Group's strengths in winning over clients and contracts.

In accordance with the COAMC Group's development strategies, the Group is expected to play an increasingly important role in the COAMC Group's cross-border investment and financing businesses.

Diversified income sources and balanced investment portfolio

The Group's existing investment portfolio consists of fixed-income products, secondary market investment and other investment. As at 31 December 2020, 2021 and 2022, the total value of the Group's investment assets (including financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, loan receivables – gross, interests in associates and interests in joint ventures) was HK$71,598.8 million, HK$65,052.9 million and HK$59,685.7 million, respectively.

As at 31 December 2022, the Group had invested approximately 60 percent in offshore projects and 40 percent in onshore projects.

Fixed-income investments are predominant in the Group's portfolio. For the years ended 31 December 2020, 2021 and 2022, the Group's revenue, gains and income (including revenue, other income – others, other gains and losses – net realised & unrealised gains (losses) of financial assets at FVTPL, other gains and losses – net realised and unrealised gains (losses) of financial liabilities at FVTPL, other gains and losses – fair value changes from investment in an associate measured at FVPL, other gains and losses – gains on disposals of associates, other gains and losses – gains on disposals of JV, other gains and losses – gains on disposals of subsidiaries, other gains & losses – others, and share of results of associates & JV) was HK$6,186.5 million, HK$4,748.5 million and HK$3,357.4 million, respectively. Among these, the Group's fixed-income investment contributed HK$3,059.1 million, HK$2,925.6 million and HK$2,731.1 million, accounting for approximately 49.4 per cent., 61.6 per cent. and 81.3 per cent. of the Group's revenue, gains and income.

A cross-border platform with independent investment and financing capabilities in both onshore and offshore markets

As a cross-border platform, with independent investment and financing capabilities in both onshore and offshore markets, the Group has adopted an onshore and offshore dual-currency investment and financing model for its operations. Under this model, the Group funds its investments in one market and currency mainly by financing in the same market and currency. It, therefore, provides a natural hedge to significantly reduce the Group's foreign exchange exposure.

In the offshore market, the Group has established an experienced investment and asset management team. It is among one of the few large-scale securities firms that have obtained cross-border trading licences and other qualifications, establishing its first-mover advantages. It has been licensed for carrying out Type 4 (advising on securities) and Type 9 (asset management) regulated activities by the

Hong Kong Securities and Futures Commission for around 11 years, and has also obtained a licence for Type 1 (dealing in securities) regulated activities granted by the Hong Kong Securities and Futures Commission in March 2021. The Guarantor is also licensed as a money lender in Hong Kong since January 2013. In the onshore market, the Group also obtained the RQFII qualification from the China Securities Regulatory Commission, which enables it to invest in products on onshore stock exchanges and fixed-income products in the onshore interbank bond market. As at 31 December 2022, the Group's investment amount totalled HK$59,685.7 million, of which approximately 60 per cent. were invested in offshore projects and 40 per cent. were invested in onshore projects.

To fund the Group's activities in each market, the Group has been diversifying its financing channels and has developed independent financing capabilities in both the onshore and offshore markets. The Group maintains long-term cooperative relationships with leading financial institutions, including state-owned policy banks, state-owned commercial banks and international banks. In the offshore market, the Group completed its first public offering of U.S. dollar denominated bonds in 2013 and set up a Medium Term Note Programme in 2014 under which fixed and floating rate notes and perpetual securities with different currencies and maturities were issued, by way of public offering and private placement to optimise its debt and capitalisation profile. As at 31 December 2023, the Group had raised approximately RMB5.8 billion, US$7.3 billion and HK$2.4 billion through international public offerings of bonds, notes and perpetual securities. The Group has also established long-term and good relationships with commercial banks. As an example, in 2016, the Group completed its first syndicated loan in an aggregate principal amount of US$350,000,000 with a three-year tenor in the offshore market, expanding its banking networks to overseas. As at 31 December 2023, the Group has credit facilities with a principal amount of approximately HK$18.2 billion from financial institutions offshore.

In the onshore market, the Group's resources of funds include, but are not limited to, loans from commercial banks and other financing institutions, and loans from the COAMC Group and bond issuances in the domestic market. As at 31 December 2023, the Group had cumulatively raised approximately RMB20.6 billion through onshore bond offerings. As at 31 December 2023, the Group had credit facilities with a total principal amount of approximately RMB10.3 billion from financial institutions onshore.

The Group's broad financing channels have also translated into an improved credit-profile that enables the Group to borrow at favourable rates and maintain sufficient credit lines and facilities. With diversified financing instruments, the Group has enhanced its capital structure, enhanced its liquidity and lowered its financial costs.

Comprehensive and effective risk management mechanism

The Group has significantly strengthened its risk management framework in recent years by optimising business structures, refining review processes, and enhancing risk management. Since 2018, the Group has strategically refocused on its core business of distressed asset management, scaling back high-risk areas and operations in restricted sectors to ensure compliance with laws and regulations. The Group has bolstered its decision-making and approval processes by emphasising the role of a risk supervisor, dispatched by COAMC, who oversees risk management and possesses the authority to veto projects. The investment decision-making committee has been enhanced with experienced members selected by COAMC, and the project approval process has been optimised, including elevating the approval authority to the Chief Executive Officer and introducing a comprehensive co-signing system to scrutinise projects from multiple perspectives.

The Group has clearly articulated its risk preferences and has developed a comprehensive risk and internal control system, tailored to its business strategies and risk profile. This system includes proactive identification and monitoring of credit, market, liquidity and capital risks, as well as adaptive asset allocation studies in response to market shifts. Since 2019, the Group has continuously updated its internal management systems, establishing over 130 effective controls that encompass all aspects of business operations and management. Furthermore, the Group has set up a multi-tiered risk prevention mechanism, complete with defined risk triggers, reporting pathways, and responsive measures.

As the exclusive international arm of COAMC, the Group has laid a solid foundation for its stable and robust operations, ensuring a sustainable and prudent business mechanism.

Experienced management and investment team

The Group has established an experienced and visionary management team. As COAMC directly appoints certain directors and senior management of the Guarantor, many on the Group's management team have held various roles in the COAMC Group, where they accumulated extensive management experience and developed in-depth understanding of the financial market.

The Group also has a dedicated and professional investment team with over a decade of investment experience, a proven track record and a deep understanding of both onshore and offshore markets. The Group's experienced and highly qualified management and operations team will continue to contribute to its future development.

STRATEGIES

Optimising core businesses and taking advantage of special opportunities emerging in cross-border markets with a strategic focus on distressed asset investment business

The Group is committed to optimise its core businesses by strengthening its established operations, augmenting its presence in offshore markets, and expanding cross-border businesses while diversifying its strategic layout and exploring a broad spectrum of business prospects. Leveraging on the advantages of Hong Kong's international capital market, the Group will maintain and optimise its investment scale and scope by taking advantage of special opportunities emerging in cross-border markets, such as distressed lending, liquidity crises management, refinancings, and non-performing assets and loans in the Hong Kong market, whilst exploring new and internationalised models for the disposal of distressed asset to support the COAMC Group. The Group will also strengthen and remain its focus on distressed asset investment business by increasing the scale and weight of its distressed asset portfolio and maintain profitability to facilitate the Group's stable and sustainable development. By effectively allocating assets, the Group will be strategically positioned as a preeminent and esteemed investment institution specialising in cross-border distressed assets.

In addition, the Guarantor, as the only overseas operating platform of the COAMC Group, is committed to focus on the development of its three principal business areas, namely distressed asset investment, substantial restructuring, and licensed businesses and will continue to utilise insights acquired from its cross-border businesses and offshore markets on client collaboration, capital allocation, risk management protocols and innovation of distressed asset investment business methodologies to support the COAMC Group and play an important role in the COAMC Group's returning to the fundamentals of AMC's business (回歸主業). It will further provide the COAMC Group with multi-dimensional services and support to enhance the consolidation and synergy effects of the COAMC Group's onshore and offshore operations.

Continuing to upgrade risk management

To further improve its risk management capabilities, the Group strives to enhance its capital efficiency and liquidity by optimising its investment portfolio. It intends to diversify its investment targets and reduce industry concentration risks. The Group has been scaling back high-risk areas and operations in restricted sectors and will continue to do so in the future. The Group will exercise increasing caution in stock investment in the future to reduce risks relating to secondary market volatility. In addition, it will be more prudent in private equity investment, which carries greater liquidity risk.

BUSINESS TRANSFORMATION

(1) Strategic Business Transformation Plan

Since 2018, the Group has strategically refocused its efforts on its core competency in distressed asset investment, adhering to the guiding principle of "Returning to the Fundamentals of AMC's Business (回歸主業)". In pursuit of operational excellence, the Group established a strategic business transformation plan in 2020.

Cross-border distressed asset investment opportunities

The Group seeks to serve Chinese enterprises and promote domestic economic development by participating in distressed asset investment opportunities including acquisition and disposal of financial and non-financial distressed assets, financial distress relief, debt restructuring relating to reorganisation, strategic mergers and acquisitions and debt to equity swaps. More specifically, the Group focuses on a wide range of special situation, including: (1) acquisition and disposal of distressed asset including bad debts, equity and tangible assets formed in the operation of overseas Chinese financial institutions; various types of distressed assets relating to Chinese enterprises formed in the operation of overseas financial institutions, and collaboration with overseas clients in domestic distressed asset businesses; (2) acquisition and disposal of bonds in default and discounted bonds issued by Chinese enterprises, and risk resolution of asset management products; and (3) rescue of distressed institutions and distressed assets, including assets that are substantially in default or assets with deteriorating quality held by Chinese enterprises or their overseas branches that are encountering financial or operational difficulties, as well as such assets held by overseas financial institutions, and divestible assets of overseas Chinese enterprises or their overseas institutions that have an impact on their ordinary course of business and liquidity.

Licensed businesses

The strategy in terms of the Group's licensed businesses is twofold. First, the Group will maintain the investment proportion of its licensed operations at no more than 30 per cent. of the total investment. Second, the Group may continue to participate in open market transactions for distressed and special opportunity investments (such as holding open market stocks or bonds for carrying out distressed asset related businesses).

(2) Internal Control and Risk Management

To serve the business transformation strategy, the Group aims to upgrade its internal control and risk management by adopting the following measures:

Continuously improving internal control and risk management policies and strengthening compliance strategy

To ensure that the development and operation of the Group's risk management and internal control systems are aligned with its business transformation, the Group aims to continuously enhance policies in internal business procedures, statistical analysis, risk monitoring and early warning mechanisms, define clear triggers for risk events, reporting paths and countermeasures, and build multiple lines of compliance defence.

Strengthening internal management and enhancing human resources management effectiveness

The Group aims to strengthen its internal management and enhance human resources management effectiveness. This includes (1) reinforcing personnel management, optimising incentive and constraint mechanisms, and developing effective measures to prevent moral hazard and eliminate corruption issues; and (2) formulating and implementing a performance assessment system that matches the business model, taking into account domestic regulatory requirements and overseas market practices, implementing deferred performance payment and exit management policies to enable employee mobility and continually bolstering the sense of responsibility and accountability in the Group's employees.

Strictly enforcing business authority and improve internal decision-making mechanisms

The Group intends to prudently identify and determine business types, define and enforce the scope of business authority, and improve the investment decision-making process to reflect market and business characteristic requirements and adhere to market conventions. In doing so, the Group aims to achieve decision-making efficiency and win business opportunities.

(3) Operating Performance

Since the implementation of the Group's business transformation strategy, despite volatility of the global and China financial markets and the impact of the COVID-19 pandemic, the Group has managed to remain stable, continuously optimised its asset structure in the process of business transformation and achieved positive financial outcome.

Driving business transformation with distinct features and direction

In pursuit of promoting the Group's business transformation, it has made progress in the following aspects:

Cross-border distressed asset investment opportunities

In the realm of traditional distressed asset acquisitions, the Group has adopted a strategy to assess every distressed asset package and compete for all quality packages. In 2021, the Group has sustained its capital deployment, supporting the national strategy for the development and construction of the Greater Bay Area. In 2022, the Group completed the only banking distressed asset acquisition transaction in the Hong Kong market for the year, exemplifying the Group's effective utilisation of domestic and international resources and showcasing its cross-border business capabilities.

Substantial restructuring businesses

The Group effectively utilises the advantages of its cross-border platform, professional talent, the support of the COAMC Group and capital strength to actively expand its substantial restructuring businesses. By acquiring existing distressed assets and undertaking additional investments in these assets, the Group rescues distressed enterprises and serves the real economy. In this regard, the Group performs its function of counter-cyclical adjustments and financial buffer as a financial asset management company. In 2022, the Group successfully advanced the first cross-border restructuring project and concurrently established the first substantial domestic restructuring operation. In 2023, the Group further explored substantial restructuring opportunities with central enterprise customer groups and Chinese-funded institutions in Hong Kong. The Group aims to further enhance its substantial restructuring business by (1) exploring opportunities in acquisition and disposal of existing distressed assets, (2) providing relief to enterprises and institutions in alignment with national strategic requirements and (3) actively exploring cooperation with state-owned enterprise to carry out substantial restructuring projects.

Licensed businesses in Hong Kong

The Group has obtained licences to carry out various regulated activities such as the licence as a money lender, the licences for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities granted by the Hong Kong Securities and Futures Commission. As at the end of 2022, the Group managed a number of funds through its licensed business in Hong Kong, including China Orient Multi-Strategy Fund (多策略基金) and China Orient Enhanced Income Fund (增強收益基金), with a combined scale of over RMB10 billion. From 2011 to 2021, the China Orient Multi-Strategy Fund (多策略基金) achieved an average annualised return of 20.75%, and the China Orient Enhanced Income Fund (增強收益基金) achieved an annualised return of 6.2% during the same period. The funds managed by the Group have also received numerous prestigious awards from authoritative organisations, including, in 2018, the China Orient Multi-Strategy Fund (多策略基金) was awarded the "Best Asian Multi-Strategy Fund" sponsored by Nomura International (Hong Kong) Limited; in 2020, the China Orient Enhanced Income Fund (增強收益基金) was awarded the "Top

Performing Asia-Pacific-Based Medium Sized Hedge Funds" by the Honor Roll; and in 2023, Orient Energy Opportunity Investment Limited Partnership Fund (東方能源機會有限合夥基金) was awarded the "Best Fund Manager for Limited Partnership Fund" from the Hong Kong Limited Partnership Fund Association.

At the same time, by continuously deepening the licenced business and exploring intermediary businesses, reasonably expanding the scale of the licensed business, improving asset liquidity, optimising the asset-liability structure of the Group, increasing the influence of the Group in the Hong Kong financial market, and exploring new business opportunities, the Group has achieved the transformation of most of its structured financing businesses into fund-based operations. Furthermore, by leveraging advantages of its Type 9 licence, at the end of 2022, the Group proposed the concept of building a "large distressed asset" (大不良) platform to explore a fund-based model for collaborating with banks to dispose distressed assets. This model utilises their respective strengths to revitalise inefficient and ineffective assets, whilst identify investment and value-enhancement opportunities in distressed assets. In 2023, the Group incorporated the standardised investment business into the management framework of licensed businesses, laying a solid foundation for the development of its third-party asset management services. The licensed operations will focus on highly liquid and secure tradable products, adopting a diversified investment and risk dispersion strategy, while maintaining the investment proportion at no more than 30 per cent. of the total investment.

Utilising cross-border advantages to fortify financing capabilities and strengthen liquidity buffer

The Group is fully committed to maintaining its credit ratings, bond ratings and investor confidence, facilitating cross-border capital flow, and balancing onshore and offshore funding exposure. In 2021, seizing the opportunity of a downward bond yield trend, the Group successfully issued onshore bonds of RMB800 million, expanded the Zhuhai cross-border RMB fund pool to RMB5.4 billion and made bond repayments of US$650 million. In 2022, facing the pressure of rapid interest rate hikes by the US Federal Reserve, the Group made offshore bond repayment of US$250 million. In the same year, the Group issued bonds in an aggregate principal amount of RMB5.5 billion in the onshore bond market and obtained new credit facilities of RMB3.9 billion. The Group also successfully established a US$1 billion QFLP fund cross-border financing channel in Hainan and a US$360 million QFLP fund cross-border financing channel in Shanghai, further optimising its debt maturity and structure.

BUSINESS OF THE GROUP

The Group's business mainly consists of distressed asset investment, substantial restructuring, and licensed businesses. Distressed asset investment is the core of the Group's investment business. The Group's substantial restructuring business serves the financing and investment needs of clients during financial distress, business restructuring and reorganisation, and crisis management. The Group's licensed business comprises fund management and investments in primary and secondary markets.

For the years ended 31 December 2020, 2021 and 2022, the Group's revenue, gains and income was HK$6,186.5 million, HK$4,748.5 million and HK$3,357.4 million, respectively. Its revenue, gains and income comprise revenue, other income – others, other gains and losses – net realised & unrealised gains (losses) of financial assets at FVTPL, other gains and losses – net realised and unrealised gains (losses) of financial liabilities at FVTPL, other gains and losses – fair value changes from investment in an associate measured at FVPL, other gains and losses – gains on disposals of associates, other gains and losses – gains on disposals of JV, other gains and losses – gains on disposals of subsidiaries, other gains & losses – others, and share of results of associates & JV.

The following table sets forth a breakdown of the Group's revenue, gains and income for the periods indicated:

	For the year ended 31 December		
	2020	**2021**	**2022**
		(HK$ million)	
Fixed-income investment	3,059.1	2,925.6	2,731.1
Secondary market investment[1]	1,291.2	(183.4)	(1,388.2)
Other investment[2]	1,836.2	2,006.3	2,014.5
Total	**6,186.5**	**4,748.5**	**3,357.4**

Notes:

(1) Secondary market investment covers stocks and bonds trading on public markets.

(2) Other investment includes other equity investment (such as investment in joint ventures and associated companies), funds, convertible bonds and total return swap.

The Group's profit for the year was recorded at HK$438.9 million, HK$886.1 million and HK$442.6 million, respectively, for the years ended 31 December 2020, 2021 and 2022.

As at 31 December 2020, 2021 and 2022, the total value of the Group's investment assets (including financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, loan receivables – gross, interests in associates and interests in joint ventures) amounted to HK$71,598.8 million, HK$65,052.9 million and HK$59,685.7 million, respectively. As at 31 December 2022, the Group had invested approximately 60 percent in offshore projects and 40 percent in onshore projects.

Distressed asset investment is the core of the Group's investment business which is crucial for its sustainable growth. In line with the strategic business transformation plan, the Group actively pursues thematic distressed asset investment opportunities.

Substantial restructuring businesses mainly focuses on special opportunities investments, whose primary clients are companies and investors who conduct cross-border investments and financings. The Group's special opportunities investment business serves the financing and investment needs of target clients in times of financial distress, business restructuring and reorganisation, leveraged acquisitions, strategic mergers and acquisitions, business expansion, refinancing and liquidity crisis management.

The Group actively identifies opportunities arising from a variety of special situations, including (1) acquisition and disposal of distressed asset including bad debts, equity and tangible assets formed in the operation of overseas Chinese financial institutions; various types of distressed assets relating to Chinese enterprises formed in the operation of overseas financial institutions, and collaboration with overseas clients in domestic distressed asset businesses; (2) acquisition and disposal of bonds in default and discounted bonds issued by Chinese enterprises, and risk resolution of asset management products; and (3) rescue of distressed institutions and distressed assets, including assets that are substantially in default or assets with deteriorating quality held by Chinese enterprises or their overseas branches that are encountering financial or operational difficulties, as well as such assets held by overseas financial institutions, and divestible assets of overseas Chinese enterprises or their overseas institutions that have an impact on their ordinary course of business and liquidity. The Group provides multi-currency and tailor-made product offerings, including senior debt, equity pledged financing, bridge loan, mezzanine debt, preferred equity, subordinated debt as well as other structured products in public market, private placement and cross-border settings.

In recent years, by leveraging synergies with the COAMC Group, the Group provided liquidity support to listed companies to fund their business operations and to stabilise stock prices, safeguarding the interests of multiple stakeholders involved. The Group also provided financing for Chinese companies' mergers and acquisitions overseas, assisting their business expansion. Further, in 2018, the Group acquired the overseas distressed assets of a PRC-based bank, becoming one of the first state-owned asset management companies to acquire and dispose of bank distressed assets in Hong Kong. In 2022, the Group completed the only banking distressed asset acquisition transaction in the Hong Kong market for the year, exemplifying the Group's effective utilisation of domestic and international resources and showcasing its cross-border business capabilities. In the same year, the Group successfully advanced the first cross-border restructuring project and concurrently established the first substantial domestic restructuring operation.

The Group's existing investment portfolio consists of fixed-income products, equity and equity-linked products and distressed asset related products.

Fixed-income investment

The Group's fixed-income investment portfolio comprises investments that generate a fixed amount of return payable on a fixed schedule during the entire investment period. Capitalising on its own investment expertise and the COAMC Group's customer base, the Group has invested in a wide range of fixed-income products on primary and secondary markets such as structured financing products, asset restructuring financing, secured financing, asset-backed financing and convertible debt financing.

Fixed-income investment has a dominant position in the Group's existing investment portfolio. As at 31 December 2022, the Group's ongoing fixed-income investment projects had an aggregate investment amount of HKD24,043.4 million. Among these, the Group's offshore and onshore fixed-income investment amount totalled HKD13,999.7 million and HKD10,043.7 million, respectively, accounting for approximately 58.2 per cent. and 41.8 per cent. of the Group's total fixed-income investment amount.

When selecting investment targets, the Group gave priority to listed companies located in tier-one cities or with credit enhancement. To reduce potential investment loss, the Group strictly followed its standard investment risk control procedures, and usually required debtors to provide credit enhancement measures (including but not limited to house and land mortgages, stock and equity pledges, equity transfers and guarantees from controllers and parent companies). In case of a default in the Group's debt investment projects, the Group will first attempt to resolve this by negotiation, failing which it will issue a formal letter of demand for debt through its counsel. For defaulted investments, the Group may (i) assist debtors with obtaining funds from third parties (such as guarantors or relationship banks) to repay principal and interests through the wide network and strong relationship of the COAMC Group, (ii) restructure debtors and monetise bad assets to repay principal and interests by utilising the COAMC Group's strengths in disposing non-performing assets, and/or (iii) dispose of mortgaged or pledged assets to reduce the Group's losses.

Equity and equity-linked investment

The Group's equity and equity-like investment portfolio comprises pre-IPO investments, IPOs, PIPEs, private equity investments and placements, and secondary-market investments.

Focusing on industries with strong growth potential, the Group made strategic investments in selected high-quality companies and formed mutually beneficial cooperative relationships with such clients by providing financing supports to foster their growth.

The Group also invested in stocks listed and traded on the main stock exchanges, including those in Hong Kong, the PRC and the U.S.

Distressed asset investment

In line with the strategic business transformation plan introduced in 2020, the Group actively pursues thematic distressed asset investment opportunities. Distressed asset investment business is the core of the Group's investment business and an important source of its income. The Group has established a robust and efficient operational system, cultivated a diligent and professional execution team, and developed sound risk management capacities and risk-based pricing capacities. In doing so, the Group effectively alleviates the short-term financial burden of target assets through asset acquisition, debt maturity restructuring, non-cash repayment etc., to revitalise distressed assets and realise investment return.

Licensed Business

The Group's licensed business comprises investments in primary and secondary markets.

To expand its operations and better serve its client needs, the Group has obtained licences to carry out various regulated activities such as the licence as a money lender, the licences for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities from the Hong Kong Securities and Futures Commission, and the RQFII qualification from the China Securities Regulatory Commission.

The Group's fund products include public debt and equity products, credit and special opportunities products and NPLs and distressed investment products. Its fund strategies provide itself and its investor clients with the platform and vehicle to invest in a variety of markets and industries and to achieve asset allocation and optimisation globally. For instance, the Group's China Orient Multi-Strategy Fund is an absolute return equity fund established in January 2013 and invests in the shares of Hong Kong, U.S., and A Share listed companies. It has followed a strategy of value and long-term investing, which is to identify undervalued stocks and buy and hold for a long period of time. The fund has won several nominations in industry-wide annual surveys, including the Best Hedge Fund in Asia Pacific Region awarded by Hedge Fund Intelligence. The fund has been one of the composite funds of the Credit Suisse Hedge Fund Index since October 2017. Orient Energy Opportunity Investment Limited Partnership Fund (東方能源機會有限合夥基金) is the Group's first Hong Kong limited partnership fund ("**HKLPF**") which was launched in August 2022. A wholly-owned subsidiary of the Guarantor has acted as the fund's general partner and also as a limited partner of the fund along with external professional investors. Its investment strategy is to focus on non-standardised debt assets and equity assets in the energy industry with distressed asset features through structured acquisition of distressed asset packages and individual projects of institutions located in Hong Kong. Since its inception, the Orient Energy Opportunity Investment Limited Partnership Fund has benefited from the preferential policies of a HKLPF, and has successfully carried out fundraising and potential project development work, including landing its first investment project in the fourth quarter of 2022.

The following table sets out the details of the funds managed by the Group as at 31 December 2022:

Fund	**Investment Target**	**Fund Size**	**Time of Establishment**
		(HK$ in millions)	
Orient Energy Opportunity Investment Limited Partnership Fund (東方能源機會有限合夥基金)	Overseas private bonds and preference shares	1,632.91	August 2022
China Orient Yunfan Credit Fund L.P. – Phase II (雲帆基金二期)	Overseas credit investments	6.81	July 2018
China Orient Yunfan Credit Fund L.P. (雲帆基金)	Overseas credit investments	2.95	December 2016
RQFII (A Share) Investment Fund and Overseas Bond Fund (RQFII投資A股股票基金)	A Shares	341.46	June 2016
China Orient Alternative Investment Fund (另類投資基金)	Customised financings to Hong Kong and overseas companies	999.50	February 2016
China Orient Enhanced Income Fund (增強收益基金)	Bonds in overseas public markets	5,411.41	September 2014
Stable Income Fund – RQFQ23 (穩健收益基金-RQFQ23)	A Shares	127.28	February 2014
China Orient Multi-Strategy Fund (多策略基金)	Equity investments in Hong Kong, U.S., and A Share listed companies	2,767.17	January 2013

INTERNAL CONTROL AND RISK MANAGEMENT

The Group is committed to establishing a comprehensive risk management system that is integral to its business operations. With regards to risk management, the Group has established a robust corporate governance structure and internal control policies. The Group has implemented, amongst others, a securities investment risk management guidance programme, investment and finance projects, reporting and approval standards, investment and finance standardisation procedures, a governance model, a management structure and authorisation system, and post-investment management standards as part of its pre-investment, investment and post-investment risk management, with the aim to ensure that, at every stage of an investment, the Group is in compliance with laws and regulations.

Internal Management

The Group has in place a series of standardised policies to achieve its goals and to manage its risks. On a yearly basis, the Group refreshes its management policy to improve its policies and to adapt them to the operation developments of the Group. The Group currently has in place a generally healthy internal control system to meet the management needs of the Group and its business development requirements and which has allowed it to prepare true and fair consolidated financial statements. Since the implementation of the Group's internal management, it has achieved effective implementation, ensuring that the Group's revenue and expenditure and its operation activities comply with the relevant rules, regulations and standards in all material respects.

Investment Strategy Policy

As an integral part of its investment strategy, the Group has in place standardised procedures in making investment decisions, which encompasses submitting project proposal, performing due diligence, producing investment analysis reports, carrying out risk assessment, making approval decisions, and conducting post-investment management. The Group's investment committee is charged with making specific investment decisions.

Project Proposal

In general, the business team will first conduct preliminary due diligence and submit a project proposal for the risk management department and the finance department to review and comment. After the proposal is approved by the head of the business team, the chief executive officer will decide whether to proceed with the project with the input of the chief risk officer.

For projects that involve listed companies, in the initial stage, all relevant employees in the business team are required to sign confidentiality agreements. The project shall be reported to the risk management department and the compliance department and the securities concerned shall be listed in the watch list.

After the initiation of major projects and projects related to new business lines, the investment committee can be convened with the approval of the chief executive officer to conduct pre-review of such projects.

Due Diligence

The due diligence work performed shall be independent, objective and complete. On-site due diligence shall be the primary method, supplemented by documentary due diligence. Independent third-party agencies may be engaged to assist the process if needed.

Risk Assessment

After completing the due diligence process, the business team shall produce an investment analysis report for the investment committee's approval. The report shall include a due diligence report and other documents significant to the decision making, such as letters of undertaking and legal opinions. It shall be first submitted to the risk management department for review and comment and may only advance to the investment committee once approved by the chief risk officer.

Investment Decision-Making

Different investment decision-making procedures apply to different types of projects. Ordinary projects require approval from the investment committee, the chief executive officer and the relevant department head at COAMC. A copy of the documents evidencing such approvals shall be sent to the finance department, the legal department, the compliance department and the post-investment management department, and notice shall be given to the integrated management department.

For fund projects with independent risk management system, approval of the investment committee is required in relation to the portion in which the Group invests or the businesses for which the Group provided guarantee, credit enhancement or liquidity support. Specially authorised matters, namely securities investments and cash management investments, are entrusted to the securities investment committee and the finance department, respectively. Upon approval of projects that involve listed companies, the compliance department shall list the relevant securities in the restricted/stop list.

Project Signing

The legal department is charged to examine the deal structure and the contractual terms. The risk management department considers whether the project plan and regulatory approvals may be achieved.

For projects that do not utilise the Group's funds but involve the provision of guarantee, credit enhancement or liquidity support or will otherwise increase the Group's contingent liabilities, the business team should notify the finance department immediately upon signing the contracts.

The risk management department, the legal department and the finance department shall implement the relevant protocols related to payment processing. The risk management department shall be copied when any funds are released.

The business team should notify the compliance department within one business day if disclosure of rights and interests related to companies listed on the Hong Kong Stock Exchange may be required, including contract signing, closing, changes in outstanding shares, etc.

Post-Investment Management

After the completion of a project, a post-investment assessment report shall be submitted to COAMC, with a copy to the Group's post-investment management department, and the risk management department shall be notified. Other special protocols apply to projects involving companies listed on the Hong Kong Stock Exchange and companies established specifically for the relevant projects.

Accounting and Financial Management

With regards to accounting and financial management, the Group has referred to the appropriate accounting standards and requirements and has implemented a complete internal control policy, including rules and procedures regarding cash and reserves, finance management policies, tax management rules, accounting procedures, rules and procedures relating to write-offs and book-keeping rules. The Group makes special provisions for certain assets based on individual assessment.

Credit Risk Management

Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its payment obligations when due. The Group is exposed to credit risks primarily associated with its loan receivables, receivables from immediate holding companies and other related parties, debt and convertible debt securities and the total return swap contracts entered into by the Group. The Group manages credit risk by several methods, including:

- setting up monitoring procedures to recover overdue loans;
- reviewing the recoverable amount of each individual debt on a regular basis; and
- obtaining financial information of counterparties to assess their credibility.

Liquidity Risk Management

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities. Measures taken by the Group to manage liquidity risk include monitoring and maintaining a level of cash and cash equivalents to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group monitors the utilisation of borrowings and ensures compliance with loan covenants.

Market Risk Management

Market risk in the risk that the fair value or future cash flows of the Group's financial assets or financial liabilities might fluctuate because of changes in the economic environment. The Group's activities expose it primarily to the market risk of changes in interest rates, foreign currency and other prices.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuate because of changes in market interest rates. The Group historically does not have a fair value hedging policy, nor has it used any interest rate swap to mitigate its exposures associated with fluctuations relating to interest cash flows. The Group's management monitors the related interest rate exposures and conducts sensitivity analysis to estimate its risk exposure.

Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. Foreign currency-denominated assets and liabilities held by the Group are exposed to foreign currency risks. These assets and liabilities include available-for-sale financial assets, loans and other receivables, and financial assets at fair value through profit or loss.

The Group historically does not have a foreign exchange hedging policy, and the Group manages foreign currency exchange risks by conducting sensitivity analysis to estimate its risk exposure.

Other price changes risk

The Group is exposed to other price changes arising primarily from investments in listed equity and debt securities, convertible debt securities, listed investment funds and total return swap contracts amongst others. The Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor price changes.

Capital Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The directors of the Group review the capital structure on a continuous basis, taking into account the cost of capital and the risk associated with capital.

LICENCES

As a financial services provider with headquarters in Hong Kong and operations spanning the Greater China region and abroad, the Group has obtained and maintains various licences and permits in relation to its operations.

The Guarantor has been licensed as a money lender in Hong Kong since January 2013. Under such licence, the Guarantor has been developing its fixed-income investment and financing projects in Hong Kong.

China Orient International Asset Management Limited, a wholly-owned subsidiary of the Guarantor incorporated in Hong Kong, was granted licenses for carrying out Type 4 (advising on securities) and Type 9 (asset management) regulated activities by the Hong Kong Securities and Futures Commission in May 2012 and Type 1 (dealing in securities) regulated activities by the Hong Kong Securities and Futures Commission in August 2022. Currently, China Orient International Asset Management Limited operates the China Orient Multi-Strategy Fund, RQFII (A Share) Investment Fund and other asset management businesses.

China Orient International Asset Management Limited also obtained an RQFII qualification from the China Securities Regulatory Commission in August 2013, providing the Group with access to products on onshore stock exchanges and fixed-income products in the onshore interbank bond market.

COMPETITION

The Group primarily operates in the Greater China region where the financial services market is highly competitive. The Group mainly competes with non-banking financial institutions and alternative investment companies in the relevant markets. The Group competes with its competitors in terms of brand recognition, marketing and sales capabilities, service quality, financial strength, product and services portfolio, and pricing. Please refer to "*Risk Factors – Risks relating to the Group's overall business – The Group faces intense competition and its businesses could be materially and adversely affected if it is unable to compete effectively.*".

EMPLOYEES

As at 31 December 2022, the Group had 126 employees, of which 113 held a bachelor's degree or above, 67 held a master's degree or above and 2 held a doctorate degree or above. The Group is committed to recruiting, training and retaining skilled and experienced employees. The Group intends to achieve this by offering competitive remuneration packages as well as by focusing on training and career development of its employees.

LEGAL PROCEEDINGS

From time to time, the Group may be involved in legal proceedings, claims or other disputes in the ordinary course of its business. As at the date of this Offering Circular, there is no litigation or arbitration pending or threatened against the Group which the Guarantor believes could have a material adverse effect on its business, financial conditions and results of operations.

DIRECTORS AND SENIOR MANAGEMENT OF THE GUARANTOR

DIRECTORS

The Board of Directors of the Guarantor consists of four members. The board 1) deliberates and executes the winding down, acquisition and consolidation matters of the Guarantor and submit such matters for shareholder approval, 2) together with COAMC, appoints and removes the chief executive officer and the co-presidents, 3) approves the appointment and removal of the chairman and members of the investment committee, chairman and members of the executive committee, the chief risk officer and the chief financial officer, 4) reviews and approves remuneration management and performance plans and the annual dividend distribution plans of the Guarantor, its subsidiaries and its affiliates, 5) examines the development strategies, mid-to-long term strategies and annual plans submitted by the chief executive officer, 6) approves annual financial budgets and financial accounts plan, 7) reviews proposals on capital increase or decrease and capital structure adjustment and submit such matters to COAMC for approval. It authorises the chief executive officer and the senior management team to carry out functions and permissions in the personnel, business, finance, and company's external contracts and commitments. Some board members also take positions in the party committee, executive committee and the investment committee.

All directors of the Guarantor are appointed by COAMC or the Board of Directors of the Guarantor. As at the date of this Offering Circular, the directors of the Guarantor are:

Name	Year of Birth	Position
ZHOU Jidong (周繼東)	1970	Chairman, Director
NING Jing (寧靜)	1976	Director
YANG Zheng (楊崢)	1970	Director
WANG Letian (王樂天)	1972	Director

Directors

ZHOU Jidong (周繼東) has been serving as the chairman and director of the Guarantor since 2021. Mr. Zhou also currently acts as the chief executive officer, secretary of the party committee and chairman of the executive committee of the Guarantor. Since joining COAMC in 2000, Mr. Zhou held various positions within the COAMC Group, including as the general manager of COAMC's Beijing office.

NING Jing (寧靜) has been serving as a director of the Guarantor since 2017. Ms. Ning also currently acts as the director of Dalian Bank and Dong Yin Development and the general manager of the integrated planning, strategy and coordination department of COAMC. Prior to her current role, Ms. Ning held various positions such as the assistant general manager of the finance and accounting department of COAMC and the director of Dongxing Securities Corporation Limited (東興證券股份有限公司).

YANG Zheng (楊崢) has been serving as a director of the Guarantor since 2017. Mr. Yang also currently acts as the general manager of the group collaboration and client management department of COAMC. Between 2000 and 2017, Mr. Yang held various positions within the COAMC Group, including as the chief executive officer and the secretary of the Chinese communist party committee of COAMC's Hunan provincial branch.

WANG Letian (王樂天) has been serving as a director of the Guarantor since 2020. Mr. Wang also currently serves as the co-president and member of the party committee, the executive committee and the investment committee of the Guarantor. Since joining the COAMC Group in 2000, Mr. Wang held various positions, including as deputy general manager of the first division of its business management department and as deputy general manager of its Chongqing office.

SENIOR MANAGEMENT

The chief executive officer, with the assistance of the co-presidents, chief financial officer and chief risk officer, is responsible for the overall management and operation of the Guarantor. Under the leadership of the chief executive officer, the senior management is responsible for the day-to-day management of the Group's business. The chief executive officer may further authorise members of the senior management to oversee the operations of various departments and committees and the subsidiaries.

The committees under the leadership of the chief executive officer consist of the executive committee and the investment committee. The executive committee oversees the Group's major decision making, key personnel appointment, removal and management, core business planning and usage of substantial funds. The investment committee formulates and reviews the Group's investment and divestment strategies, principles and approval procedures, establishes investment management protocols and monitoring mechanism, and makes investment decisions as appropriate.

The persons-in-charge of the Group's subsidiaries report to the chairman, chief executive officer and authorised senior management and are responsible for the business performance and risk management of the respective subsidiaries. As back office support, the Group's administration, human resources, finance, risk management, legal and compliance departments also report to the chief executive officer and authorised senior management.

The following table sets forth certain information concerning the Guarantor's senior management officers as at the date of this Offering Circular:

Name	Year of Birth	Position
ZHOU Jidong (周繼東)	1970	Chief Executive Officer, Secretary of the Party Committee and Chairman of the Executive Committee
CHEN Yongqiang (陳勇強)	1966	Co-President and Member of the Party Committee and the Investment Committee
LI Wenze (李文澤)	1966	Co-President and Member of the Party Committee and the Executive Committee
WANG Letian (王樂天)	1972	Co-President and Member of the Party Committee, the Executive Committee and the Investment Committee
LI Jun (李軍)	1978	Co-President and Member of the Party Committee, the Executive Committee and the Investment Committee
YE Nan (葉楠)	1981	Chief Financial Officer, Chief Risk Officer and Chairman of the Investment Committee

ZHOU Jidong (周繼東)

See "*Directors and Senior Management – Directors*".

CHEN Yongqiang (陳勇強) has been serving as the co-president of the Guarantor since 2021. Mr. Chen also currently serves as a member of the party committee and the investment committee of the Guarantor. Since joining the COAMC Group in 2000, Mr. Chen held various positions such as the general manager of COAMC's Shenzhen office.

LI Wenze (李文澤) has been serving as the co-president of the Guarantor since 2018. Mr. Li also currently serves as a member of the party committee and the executive committee of the Guarantor. Prior to joining the Group in 2018, Mr. Li served as the vice minister of the administration and finance department of the Liaison Office of the Central People's Government in the Hong Kong S.A.R..

WANG Letian（王樂天）

See "*Directors and Senior Management – Directors*".

LI Jun（李軍） has been serving as the co-president of the Guarantor since 2019. Mr. Li also currently serves as a member of the party committee, the executive committee and the investment committee of the Guarantor. Since joining the COAMC Group in 2011, Mr. Li held various positions, including the assistant to the general manager of the audit department of COAMC.

YE Nan（葉楠） has been serving as the chief financial officer of the Guarantor since 2021. Mr. Ye also currently serves as the chief risk officer and chairman of the investment committee of the Guarantor. Since joining the COAMC Group in 2014, Mr. Ye held various positions, including at the financial management department, as assistant to the general manager of the financial accounting department and as deputy general manager of the shared management centre（共享管理中心）of COAMC.

FORM OF PRICING SUPPLEMENT

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

*This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**")) (the "**Professional Investors**") only.*

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

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

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

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

UK MiFIR product governance/Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients only, each as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*.] [Any person subsequently offering, selling or recommending the Notes (a "**distributor**")]/[distributor] should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product

Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded]/[Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products].[1]

[1] For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

Pricing Supplement dated [Date]

Joy Treasure Assets Holdings Inc.

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

unconditionally and irrevocably guaranteed by

China Orient Asset Management (International) Holding Limited
中國東方資產管理(國際)控股有限公司

under the U.S.$1,400,000,000 Medium Term Note Programme

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

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Offering Circular dated [*current date*] (the "**Offering Circular**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular.

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

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Offering Circular dated [*original date*]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [*current date*], save in respect of the Conditions which are extracted from the Offering Circular dated [*original date*] and are attached hereto.]

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

1	(i)	Issuer:	Joy Treasure Assets Holdings Inc.
	(ii)	Guarantor:	China Orient Asset Management (International) Holding Limited 中國東方資產管理(國際)控股有限公司
2	(i)	Series Number:	[•]
	(ii)	Tranche Number:	[•]
	(iii)	Date on which the Notes will be consolidated and form a single Series:	[The Notes will be consolidated and form a single Series with [identify earlier Tranches] on [the Issue Date/exchange of the temporary Global Note for interests in the permanent Global Note, as referred to in paragraph [26] below, which is expected to occur on or about [date]]] [Not Applicable]
3	Specified Currency or Currencies:		[•]

4	Aggregate Nominal Amount		
	(i)	Series:	[•]
	(ii)	Tranche:	[•]
5	(i)	Issue Price:	[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (if applicable)]
	(ii)	[Net/Gross] proceeds:	[•] [*Delete for unlisted issuances*]]
	[(iii)	Use of Proceeds:	[•] [*Give details if different from the use of proceeds disclosed in the Offering Circular*]]
6	(i)	Specified Denominations: [2, 3]	[•]
	(ii)	Calculation Amount:	[•]
7	(i)	Issue Date:	[•]
	(ii)	Interest Commencement Date:	[*Specify*/Issue Date/Not Applicable]
8	Maturity Date:		[*Fixed Rate Note – specify date/Floating Rate Note –* Interest Payment Date falling in or nearest to [*specify month and year*]][4]
9	Interest Basis:		[[•] per cent. Fixed Rate] [[*Specify reference rate*] +/- [•] per cent. Floating Rate] [Zero Coupon] [Dual Currency Interest] [*Specify other*] (further particulars specified below)
10	Redemption/Payment Basis:		[Redemption at par] [Dual Currency Redemption] [Partly Paid] [Instalment] [*Specify other*]

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

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

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

11	Change of Interest Basis or Redemption/Payment Basis:	[*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis*] [Not Applicable]
12	Put/Call Options:	[Put Option][5] [Call Option] [(further particulars specified below)] [Not Applicable]
13	Date of NDRC Certificate:	[*Insert NDRC certificate date*] [Not Applicable]
14	Date of [Board] approval for issuance of Notes and Guarantee obtained:	[•] [and [•], respectively] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee*)
15	Listing:	[The Hong Kong Stock Exchange/*specify other*/None] (*N.B.: For Notes to be listed on the Hong Kong Stock Exchange, insert the expected effective listing date of the Notes*)
16	Method of distribution:	[Syndicated/Non-syndicated]

Provisions Relating to Interest (if any) Payable

17	Fixed Rate Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(i) Rate[(s)] of Interest:	[•] per cent. per annum [payable [annually/semi-annually/ quarterly/*specify other*] in arrear]
	(ii) Interest Payment Date(s):	[•] in each year [[adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]] [not adjusted] (*N.B.: This will need to be amended in the case of long or short coupons.*)
	(iii) Fixed Coupon Amount(s): (Applicable to Notes in definitive form):	[•] per Calculation Amount[6]

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

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

	(iv)	Broken Amount(s) (Applicable to Notes in definitive form):	[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
	(v)	Day Count Fraction:	[30/360 or Actual/Actual [ICMA/ISDA] or Actual/365 (Fixed)[7] or [*specify other*]]
	[(vi)	Determination Dates:	[•] in each year [*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*] *(N.B.: This will need to be amended in the case of regular interest payment dates which are not of equal duration) (N.B.: Only relevant where Day Count Fraction is Actual/Actual – ICMA)*]
	(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/*give details*]
18	Floating Rate Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Interest Period(s):	[•]
	(ii)	Specified Interest Payment Dates:	[•]
	(iii)	Interest Period Dates:	[Not Applicable/[•]]
	(iv)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention/[*specify other*]]
	(v)	Business Centre(s):	[•]
	(vi)	Manner in which the Rate of Interest is to be determined:	[Screen Rate Determination/ISDA Determination/[*specify other*]]
	(vii)	Party responsible for calculating the Rate of Interest and Interest Amount:	[•]

7 Applicable to Hong Kong dollar denominated Fixed Rate Notes and Renminbi denominated Fixed Rate Notes.

	(viii)	Screen Rate Determination:	
		– Reference Rate:	[•]
		– Interest Determination Date(s):	[•]
		– Relevant Screen Page:	[•]
	(ix)	ISDA Determination:	[Not Applicable/*specify details*]
	(x)	Margin(s):	[+/-][•] per cent. per annum
	(xi)	Minimum Rate of Interest:	[•] per cent. per annum
	(xii)	Maximum Rate of Interest:	[•] per cent. per annum
	(xiii)	Day Count Fraction:	[Actual/Actual or Actual/Actual-ISDA or Actual/365(Fixed) or Actual/365(Sterling) or Actual/360 or 30/360 or 360/360 or Bond Basis or 30E/360 or Eurobond Basis or 30E/360 (ISDA) or [*specify other*]] (*See Condition 5 for alternatives*)
	(xiv)	Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[•]
19	Zero Coupon Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Amortisation Yield:	[•] per cent. per annum
	(ii)	Any other formula/ basis of determining amount payable:	[•]
	(iii)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Actual/Actual or Actual/Actual-ISDA or Actual/365 (Fixed) or Actual/365(Sterling) or Actual/360 or 30/360 or 360/360 or Bond Basis or 30E/360 or Eurobond Basis or 30E/360 (ISDA) or [*specify other*]] (*See Condition 5 for alternatives*)

20	Dual Currency Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Rate of Exchange/ method of calculating Rate of Exchange:	[*Give or annex details*]
	(ii)	Party, if any, responsible for calculating the principal and/or interest due:	[•]
	(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[*Need to include a description of market disruption or settlement disruption events and adjustment provisions*]
	(iv)	Person at whose option Specified Currency(ies) is/are payable:	[•]

Provisions Relating to Redemption

21	Call Option:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[•] per Calculation Amount/*specify other*/see Appendix]

	(iii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[•]
		(b) Maximum Redemption Amount:	[•]
	(iv)	Notice period (if other than as set out in the Conditions):	[•] (*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent or the Trustee*)
22	Put Option:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[•] per Calculation Amount/*specify other*/see Appendix]
	(iii)	Notice period (if other than as set out in the Conditions):	[•] (*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent or the Trustee*)
23	Final Redemption Amount:		[[•] per Calculation Amount/*specify other*/see Appendix]
24	Change of Control Redemption Amount:		[[•] per Calculation Amount/*specify other*/see Appendix]
25	Early Redemption Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):		[Not Applicable/[•] per Calculation Amount/*specify other*/see Appendix]

General Provisions Applicable to the Notes

26	Form of Notes:	**[Bearer Notes**: [temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note] [temporary Global Note exchangeable for Definitive Notes on [•] days' notice[8]] [permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note]] **[Registered Notes**: Global Certificate exchangeable for Individual Note Certificates in the limited circumstances described in the Global Certificate]
27	Financial Centre(s) or other special provisions relating to payment dates:	[Not Applicable/*give details*] (*Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraph [18(v)] relates*)
28	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
29	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details*] (*N.B.: a new form of temporary Global Note and/or permanent Global Note may be required for Partly Paid issues*)
30	Details relating to Instalment Notes:	
	(i) Instalment Amount(s):	[Not Applicable/*give details*]
	(ii) Instalment Date(s):	[Not Applicable/*give details*]
31	Redenomination applicable:	Redenomination [not] applicable (*N.B.: If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates)*)

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

32	Consolidation provisions:	[Not Applicable/The provisions annexed to this Pricing Supplement apply]
33	Other terms or special conditions:	[Not Applicable/*give details*]

Distribution

34	(i) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(ii) Date of Subscription Agreement:	[•]
	(iii) Stabilisation Manager(s) (if any):	[Not Applicable/*give name*]
35	If non-syndicated, name of Relevant Dealer:	[Not Applicable/*give name*]
36	U.S. Selling Restrictions:	[Reg. S Category 1/Category 2; TEFRA D/TEFRA C/TEFRA not applicable[9]]
37	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products, or the Notes do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared in the EEA, "Applicable" should be specified.*)
38	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products, or the Notes do constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared in the UK, "Applicable" should be specified.*)
39	Additional selling restrictions:	[Not Applicable/*give details*]

Operational Information

40	ISIN:	[•]
	Common Code:	[•]
	CMU instrument number:	[•]
41	LEI Code of the Issuer:	[•]

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

42	Any clearing system(s) other than Euroclear, Clearstream or the CMU and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
43	Delivery:	Delivery [against/free of] payment
44	Additional Paying Agent(s) (if any):	[•]/[Not Applicable]
45	Ratings:	[The Notes are expected to be rated [•] by [•]]
46	The aggregate nominal amount of Notes issued has been translated into U.S. dollars at the rate of [•], producing a sum of (for Notes not denominated in U.S. dollars):	[Not Applicable/U.S.$[•]]

HONG KONG SFC CODE OF CONDUCT

47	(i)	Rebates:	[A rebate of [•] bps is being offered by the [Issuer or the Guarantor] to all private banks for orders they place (other than in relation to the Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.]/[Not Applicable]
	(ii)	Contact email addresses of [the Overall Coordinators] where underlying investor information in relation to omnibus orders should be sent:	[*Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent – OCs to provide*]/[Not Applicable]
	[(iii)	Marketing and Investor Targeting Strategy:]	[*Give details if different from the Offering Circular*]

[PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for the issue and listing of the Notes described herein pursuant to the U.S.$1,400,000,000 Medium Term Note Programme of the Issuer.]

Responsibility

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

Signed on behalf of Joy Treasure Assets Holdings Inc.:

By: ____________________________
Duly authorised

Signed on behalf of China Orient Asset Management (International) Holding Limited
中國東方資產管理(國際)控股有限公司:

By: ____________________________
Duly authorised

TERMS AND CONDITIONS OF THE NOTES

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

The Notes are issued by Joy Treasure Assets Holdings Inc. (the "**Issuer**") and unconditionally and irrevocably guaranteed by China Orient Asset Management (International) Holding Limited 中國東方資產管理(國際)控股有限公司 (the "**Guarantor**"). As used in these Conditions, the "**Issue Date**" means the date of issue of the Notes.

The Notes are constituted by a trust deed (as amended, restated or supplemented as at the Issue Date, the "**Trust Deed**") dated 25 January 2024 between the Issuer, the Guarantor, and The Bank of New York Mellon, London Branch (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees appointed under the Trust Deed) as trustee for the holders of the Notes. An agency agreement (as amended, restated or supplemented as at the Issue Date, the "**Agency Agreement**") dated 25 January 2024 has been entered into in relation to the Notes between the Issuer, the Guarantor, the Trustee, The Bank of New York Mellon, London Branch as initial issuing and paying agent, The Bank of New York Mellon, Hong Kong Branch as CMU lodging and paying agent for Notes to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the "**CMU**") and the other agents named in it. The issuing and paying agent, the CMU lodging and paying agent, the other paying agents, The Bank of New York Mellon SA/NV, Dublin Branch as the registrar and as the transfer agent for each Series of Notes other than CMU Notes (as defined in the Agency Agreement), and The Bank of New York Mellon, Hong Kong Branch as the registrar and as the transfer agent for CMU Notes and The Bank of New York Mellon, London Branch as the calculation agent for the time being (if any) under the Agency Agreement are referred to below respectively as the "**Issuing and Paying Agent**" (which expression shall include any additional or successor issuing and paying agent), the "**CMU Lodging and Paying Agent**" (which expression shall include any additional or successor CMU lodging and paying agent), the "**Paying Agents**" (which expression shall include any additional or successor paying agent and shall include the Issuing and Paying Agent), the "**Registrar**" (which expression shall include any additional or successor registrar), the "**Transfer Agents**" (which expression shall include the Registrar and any additional or successor transfer agent), the "**CMU Registrar**" (which expression shall include any additional or successor CMU registrar), the "**CMU Transfer Agent**" (which expression shall include any additional or successor CMU transfer agent) and the "**Calculation Agent(s)**" (which expression shall include any additional or successor calculation agent) and collectively, the "**Agents**". For the purposes of these Conditions, all references to the Issuing and Paying Agent, Registrar and Transfer Agent shall, with respect to a Series of Notes to be held in the CMU, be deemed to be a reference to the CMU Lodging and Paying Agent, CMU Registrar and CMU Transfer Agent respectively and all such references shall be construed accordingly.

These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which include the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below, and the Agency Agreement.

Copies of the Trust Deed and the Agency Agreement (i) are available for inspection to Noteholders, Couponholders and Receiptholders during normal business hours (being between 9:00 a.m. and 3:00 p.m., Monday to Friday (other than public holidays) upon prior written request and satisfactory proof of holdings and identity from the Noteholders, Couponholders or Receiptholders) at the principal office of the Trustee (presently at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom) and at the specified offices of the Paying Agents and the Transfer Agents or (ii) may be provided by email to any Noteholder, Couponholder or Receiptholder following written request and proof of holding and identity to the satisfaction of the Paying Agents.

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

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects, and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series with such Tranche of Notes and (b) identical in all respects (including as to listing and admission to trading) except for the Issue Date, the issue price, the amount of the first payment of interest on them, the timing for submission of the NDRC Post-issue Filing (as defined below) (if applicable) and, to the extent necessary, certain transfer restrictions as a result of applicable securities law.

1. Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) shown hereon.

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

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

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(b), each Certificate shall represent the entire holding of Registered Notes by the same holder.

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

If a Note (whether in global or definitive form) is held through the CMU, any payment that is made in respect of such Note shall be made at the direction of the bearer or the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the

CMU in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time, and if applicable, as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Issue Position Report or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU as to the identity of any accountholder and the nominal amount of any Note credited to its account, save in the case of manifest error) and such payments shall discharge the obligation of the Issuer in respect of that payment under such Note.

In determining whether a particular person is entitled to a particular nominal amount of Notes, the Trustee and the Agents may conclusively rely on (without liability) such evidence and/or information and/or certification as it shall, in its sole and absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

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

2 No Exchange of Notes and Transfers of Registered Notes

(a) **No Exchange of Notes**: Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

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

(c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of the Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered

Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent.

(d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within seven business days of receipt of a duly completed form of transfer, Exercise Notice (as defined in Condition 6(e)) or Put Exercise Notice (as defined in Condition 6(f)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice, Put Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice, Put Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday or public holiday, on which commercial banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

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

(f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) after the exercise of the put option in Condition 6(e), (iii) after the exercise of the put option in Condition 6(f), (iv) during the period of 15 days prior to any date on which Notes may be called for redemption in part by the Issuer at its option pursuant to Condition 6(d), (v) after any such Note has been called for redemption, or (vi) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

*Notes which are represented by a Global Note or a Global Certificate held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream**") and/or a sub-custodian for the CMU will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream and/or the CMU, as the case may be. References to Euroclear and/or Clearstream and/or the CMU shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer, the Issuing and Paying Agent, and the Trustee from time to time.*

3 Guarantee and Status

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

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

4 Negative Pledge and Other Covenants

(a) Negative Pledge

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor shall, and each of the Issuer and the Guarantor shall ensure that none of its Subsidiaries will, create, incur, assume or permit to exist any Security upon any of its property or assets, now owned or hereafter acquired, to secure any Relevant Indebtedness of the Issuer, the Guarantor or any such Subsidiary (or any guarantee or indemnity in respect of such Relevant Indebtedness), without, in any such case, making effective provision whereby the Notes and the Coupons will be secured either (1) at least equally and ratably with such Relevant Indebtedness (or any guarantee or indemnity in respect of such Relevant Indebtedness) or (2) by such other Security as shall have been approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

This Condition, however, shall not apply to:

(i) any Security upon any property or assets of the Issuer, the Guarantor or any of their respective Subsidiaries with a book value not exceeding 20 per cent. of the Consolidated Total Assets in the aggregate and which is created pursuant to any securitisation, repackaging or like arrangement in accordance with normal market practice;

(ii) any Security which is in existence on or prior to the Issue Date;

(iii) any Security existing on any property or asset prior to the acquisition thereof by the Issuer, the Guarantor, any of their respective Subsidiaries or arising after such acquisition pursuant to contractual commitments entered into prior to and not in contemplation of such acquisition;

(iv) any Security either over any property or asset acquired after the Issue Date which is in existence at the time of such acquisition or in respect of the obligations of any Person which becomes the Subsidiary of the Issuer or the Guarantor after the Issue Date which is in existence on the date on which it becomes the Subsidiary of the Issuer or the Guarantor, as the case may be, and in both cases, any replacement thereof created in connection with the refinancing (together with interest, fees and other charges attributable thereto) of the Indebtedness originally secured (but the principal amount secured by any such Security may not be increased); provided that any such Security was not incurred in anticipation of such acquisition or of such Person becoming the Subsidiary of the Issuer or the Guarantor;

(v) any Security created on any property or asset acquired, leased or developed (including improved, constructed, altered or repaired) after the Issue Date; provided, however, that (a)(i) any such Security shall be confined to the property or asset acquired, leased or developed (including improved, constructed, altered or repaired); and (ii) to the extent that such Security shall secure any other property or asset, the principal amount of the debt encumbered by such Security shall not exceed the cost of the applicable acquisition, development or improvement and (b) any such Security shall be created concurrently with or within two years following the acquisition, lease or development (including construction, improvement, repair or alteration) of such property or asset;

(vi) any Security pursuant to any order of attachment, execution, enforcement, distraint or similar legal process arising in connection with court proceedings; provided, however, that such process is effectively stayed, discharged or otherwise set aside within 30 days;

(vii) any Security created or outstanding in favour of the Guarantor, the Issuer or a wholly-owned Subsidiary thereof;

(viii) any Security in favour of any government or any subdivision thereof, securing the obligations of the Issuer, the Guarantor or any of their respective Subsidiaries under any contract or payment owed to such governmental entity pursuant to applicable laws, rules, regulations or statutes;

(ix) any renewal or extension of any of the Securities described in the foregoing clauses which is limited to the original property or asset covered thereby; or

(x) any Security in respect of Indebtedness of the Guarantor, the Issuer or any of their respective Subsidiaries with respect to which the Guarantor, the Issuer or such Subsidiary has paid money or deposited money or securities with a fiscal agent, trustee or depository to pay or discharge in full its obligations in respect thereof.

For the purposes of these Conditions:

"**Consolidated Total Assets**" means, the consolidated total assets of the Guarantor and its Subsidiaries measured in accordance with accounting principles generally accepted in, and pursuant to the relevant laws of, Hong Kong, as of the balance sheet date of the most recent Audited Financial Reports or Unaudited Financial Reports provided by the Guarantor under Condition 4(d);

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China;

"**Indebtedness**" of any Person means, at any date, without duplication, (i) any outstanding indebtedness for or in respect of money borrowed (including bonds, debentures, notes or other similar instruments, whether or not listed) that is evidenced by any agreement or instrument (excluding trade payables), (ii) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument, and (iii) all Indebtedness of others guaranteed by such Person;

a "**Person**" means any state-owned enterprise, individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, limited liability company, government or any agency or political subdivision thereof or any other entity;

"**PRC**" means the People's Republic of China, which, for the purposes of these Conditions only, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

"**Relevant Indebtedness**" of any Person means (i) any present or future indebtedness incurred outside the PRC that is in the form of, or represented or evidenced by any bonds, notes, debentures, debenture stocks, loan stock certificates or other securities, which are, or are intended to be, quoted, listed or dealt in or traded on any stock exchange or over-the-counter market or other securities market and has a final maturity of one year or more from its date of incurrence or issuance; and (ii) all Relevant Indebtedness of others guaranteed by such Person;

"**Security**" means any mortgage, charge, pledge, lien, encumbrance, hypothecation, title retention, security interest or security arrangement of any kind; and

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

(b) Corporate Existence

For so long as any Note or Coupon remains outstanding, each of the Issuer and the Guarantor shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and that of each of its respective Subsidiaries and the corporate rights (charter and statutory), corporate licenses and corporate franchises of the Issuer, the Guarantor and each such Subsidiary, as the case may be; *provided* that, the Issuer, the Guarantor or each of their respective Subsidiaries shall not be required to preserve any such existence, right, license or franchise if the board of directors of the Issuer, the Guarantor or such Subsidiary shall determine that the loss thereof would not have a material adverse impact on the Noteholders.

(c) Limitations on the Issuer's Activities

For so long as any Note or Coupon remains outstanding, the Issuer shall not, and the Guarantor shall procure that the Issuer will not, conduct any business or other activities other than the activities in connection with the Notes, the Coupons, the Talons and the Receipts, any other bonds or notes or debt securities, and any other activities incidental thereto. Such activities shall, for the avoidance of doubt, include (i) the offering, sale or issuance of the Notes, the Coupons, the Talons and the Receipts, any other bonds or notes or debt securities, and the incurrence of Indebtedness represented by the Notes, the Coupons, the Talons and the Receipts and such other bonds or notes or debt securities; (ii) the on-lending of the proceeds of the offering, sale or issuance of the Notes, bonds, notes or debt securities to the Guarantor and/or any Subsidiary of the Guarantor; (iii) the activities directly related to the establishment and/or maintenance of the Issuer's corporate existence; and (iv) any other activities in connection therewith.

The Issuer will not issue any Capital Stock (as defined in Condition 6(f)) other than the issuance of its ordinary shares to the Guarantor.

For so long as any Note or Coupon remains outstanding, the Issuer will not commence or take any action to cause its winding-up or liquidation.

(d) Information Rights

For so long as any Note or Coupon remains outstanding:

(i) the Guarantor will deliver to the Trustee (A) within 180 days after the end of each financial year of the Guarantor ending after the Issue Date, a compliance certificate signed by an Authorised Person of the Guarantor stating whether, to such Authorised

Person's knowledge, the Guarantor is in compliance with all covenants and conditions to be complied with by the Guarantor under the Notes and the Trust Deed and a copy of the relevant Audited Financial Reports for each Relevant Period; and (B) within 90 days after the end of each Relevant Period, a copy of the Unaudited Financial Reports;

(ii) the Issuer will deliver to the Trustee within 180 days after the end of each financial year of the Guarantor ending after the Issue Date, a compliance certificate signed by an Authorised Person of the Issuer stating whether, to such Authorised Person's knowledge, the Issuer is in compliance with all covenants and conditions to be complied with by the Issuer under the Notes and the Trust Deed; and

(iii) the Issuer or the Guarantor shall deliver to the Trustee as soon as possible, and in any event within 14 days after the Issuer or the Guarantor, as the case may be, becomes aware of the occurrence thereof, written notice of the occurrence of any event or condition which constitutes, or which, after notice or lapse of time or both, would become, an Event of Default (as defined in Condition 10) and a certificate signed by any Authorised Person of the Issuer (or the Guarantor, as the case may be) setting forth the details thereof and the action the Issuer (or the Guarantor, as the case may be) is taking or proposes to take with respect thereto (if any).

For the purposes of these Conditions:

"**Audited Financial Reports**" means annual audited consolidated statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flow of the Guarantor, together with any statements, reports (including any directors' and auditors' reports) and notes attached to or intended to be read with any of them;

"**Authorised Person**" means an authorised person of the Issuer or the Guarantor (as the case may be) as approved by the board of directors of the Issuer or the Guarantor (as the case may be);

"**Relevant Period**" means, in relation to Audited Financial Reports, each period of twelve months ending on the last day of the financial year (being 31 December of that financial year) of the Guarantor, and, in relation to Unaudited Financial Reports, each period of six months ending on the last day of the first half of the financial year (being 30 June of that financial year) of the Guarantor; and

"**Unaudited Financial Reports**" means semi-annual unaudited consolidated statement of profit or loss and statement of financial position of the Guarantor.

(e) Notification to NDRC

In relation to each Tranche of Notes where the NDRC New Measures is applicable, the Issuer undertakes that it will file or cause to be filed with the NDRC the requisite information and documents in connection with such Notes from time to time within the relevant prescribed timeframes in accordance with the NDRC New Measures ("**NDRC Post-issue Filing**").

For the purposes of these Conditions:

"**NDRC**" means the National Development and Reform Commission of the PRC or its local counterparts; and

"**NDRC New Measures**" means the Administrative Measures for the Examination and Registration of Medium- and Long-term Foreign Debts of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) issued by the NDRC on 5 January 2023 and effective on 10 February 2023, including any implementation rules, laws and regulations as issued by the NDRC from time to time.

5 Interest and other Calculations

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

(b) **Interest on Floating Rate Notes**:

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

(ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

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

(B) Screen Rate Determination for Floating Rate Notes where the Reference Rate is an interbank offered rate

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

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

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

(y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall inform the Issuer and the Issuer shall use all reasonable endeavours to appoint an Independent Adviser to request, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is HIBOR or CNH HIBOR, the principal Hong Kong office of each of the Reference Banks, to provide the Independent Adviser with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time), or if the Reference Rate is CNH HIBOR, at approximately 11.15 a.m. (Hong Kong time) on the Interest Determination Date in question and the Independent Adviser shall communicate the same to the Calculation Agent. If two or more of the Reference Banks provide the Independent Adviser with such offered quotations, which shall be communicated to the Calculation Agent by the Independent Adviser, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Independent Adviser determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as provided to Independent Adviser (and communicated to the Calculation Agent by the Independent Adviser) by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) or, if the Reference Rate is CNH HIBOR, at approximately 11.15 a.m. (Hong Kong time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Independent Adviser with such offered rates which shall be communicated to the Calculation Agent by the Independent Adviser, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time), or, if the Reference Rate is CNH HIBOR, at approximately 11.15 a.m. (Hong Kong time) on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Independent Adviser suitable for such purpose) informs the Independent Adviser it is quoting to leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong inter-bank market, as the case may be, *provided* that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (or if there is no such preceding Interest Determination Date, the initial Rate of Interest applicable to such Note on the Interest Commencement Date) (though substituting, where a different Margin (as specified hereon) or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as a risk free alternative reference rate

Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined and where the Reference Rate is a risk free alternative reference rate (such as the Secured Overnight Financing Rate, or SOFR), the Rate of Interest for each Interest Accrual Period (including the method or basis of calculating or determining the Rate of Interest) will be as further specified hereon.

(D) Benchmark Event

If the Issuer or its designee determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with the Conditions and, in either case, an Adjustment Spread (if any), and any Benchmark Amendments in accordance with the Conditions). In making such determination, an Independent Adviser appointed pursuant to this Condition 5(b)(iii)(D) shall act in good faith as an expert in accordance with the Conditions. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents, the Noteholders, the Couponholders or the Receiptholders for any determination made by it, pursuant to this Condition 5(b)(iii)(D).

If (x) the Issuer is unable to appoint an Independent Adviser; or (y) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5(b)(iii)(D) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(b)(iii)(D).

(x) *Successor Rate or Alternative Rate*: If the Independent Adviser determines that, (1) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(b)(iii)(D)); or (2) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(b)(iii)(D)).

(y) *Adjustment Spread*: The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread), shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(z) *Benchmark Amendments*: If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(b)(iii)(D) and the Independent Adviser determines (1) that amendments to these Conditions and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (2) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(b)(iii)(D)(xx), without any requirement for the consent or approval of the Noteholders, vary these Conditions and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee and the relevant Agents of a certificate signed by any Authorised Person of the Issuer pursuant to Condition 5(b)(iii)(D)(xx), the Trustee and the Agents shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee and the Agents shall not be obliged so to concur if in the opinion of the Trustee or the Agents (as the case may be) doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee or such Agent (as the case may be) in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 5(b)(iii)(D)(z), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(xx) *Notices, etc.:* Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 5(b)(iii)(D) will be notified as soon as practicable by the Issuer to the Trustee, the Calculation Agent, the Paying Agent and, in accordance with Condition 16, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Noteholders of the same, the Issuer shall deliver to the Trustee a certificate signed by any Authorised Person of the Issuer:

- confirming (A) that a Benchmark Event has occurred, (B) the Successor Rate or, as the case may be, the Alternative Rate, (C) the applicable Adjustment Spread (if any) and (D) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(b)(iii)(D); and

- certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread (if any).

Each of the Trustee, the Calculation Agent and the Paying Agents shall be entitled to conclusively rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative

Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's or the Calculation Agent's or the Paying Agent's ability to conclusively rely on such certificate signed by any Authorised Person of the Issuer as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agent and the Noteholders.

(yy) *Survival of Original Reference Rate*: Without prejudice to the obligations of the Issuer under Conditions 5(b)(iii)(D), the Original Reference Rate and the fallback provisions provided for in Condition 5(b)(iii)(B) will continue to apply unless and until a Benchmark Event has occurred.

In these Conditions:

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

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

(ii) (if no such recommendation has been made, or in the case of an Alternative Rate) the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or

(iii) (if Independent Adviser determines that no such spread is customarily applied) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser, determines in accordance with Condition 5(b)(iii)(D)(x) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes;

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or

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

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

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or

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

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

provided that in the case of sub-paragraphs (ii), (iii), (iv) or (v), the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, the prohibition of use of the Original Reference Rate or on the date with effect from which the Original Reference Rate is no longer representative of its relevant underlying market, as the case may be, and which is specified in the relevant public statement, and not the date of the relevant public statement;

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise selected and appointed by the Issuer at its own expense under Condition 5(b)(iii);

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes;

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

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

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

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note.

As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

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

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

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

(g) **Margin, Maximum Rates of Interest/Minimum Rates of Interest, Maximum Instalment Amount/Minimum Instalment Amount and Maximum Redemption Amount/Minimum Redemption Amount and Rounding**:

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

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

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (*provided* that if the eighth significant figure is a 5 or greater, the seventh significant shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the countries of such currency.

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

So long as the Notes are represented by a Global Note or a Global Certificate which is held on behalf of Euroclear, Clearstream, CMU or any other clearing system, the interests in respect of the Notes shall be calculated based on the aggregate nominal amount of the Notes represented by the Global Note or the Global Certificate.

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

(j) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

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

(ii) in the case of euro, a day on which T2 System is open for the settlement of payments in euro (a "**T2 Business Day**"); and/or

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

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D**1** is greater than 29, in which case D**2** will be 30;

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

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

where:

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

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

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

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

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D**1** will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D**2** will be 30;

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

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

where:

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

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

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

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

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D**1** will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D**2** will be 30;

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

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

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

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

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

where:

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

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

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

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

"**Interest Amount**" means:

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

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

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

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or Hong Kong dollar or Renminbi other than where the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro nor Hong Kong dollar nor Renminbi or (iii) the day falling two T2 Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro or (iv) the day falling two Business Days in Hong Kong prior to the first day of such Interest Accrual Period if the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR.

"**Interest Payment Date**" means the date or dates as specified hereon, or determined in accordance with the provisions hereon.

"**Interest Period**" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date unless otherwise specified hereon.

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

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

"**Redemption Amount**" means the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Change of Control Redemption Amount, as the case may be, each as specified hereon, or determined in accordance with the provisions hereon.

"**Reference Banks**" means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market and, in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market and, in the case of a determination of CNH HIBOR, the principal Hong Kong office of four major banks dealing in Renminbi in the Hong Kong inter-bank market, in each case selected by the Independent Adviser or as specified hereon.

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

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service).

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

"**T2 System**" means the real time gross settlement system operated by the Eurosystem, or any successor system.

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

6. Redemption, Purchase and Options

(a) **Redemption by Instalments and Final Redemption**:

(i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount) or, in the case of a Note falling within Condition 6(a)(i) above, its final Instalment Amount.

(b) **Early Redemption**:

(i) Zero Coupon Notes:

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Condition 6(c), Condition 6(d), Condition 6(e) or Condition 6(f) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(B) Subject to the provisions of sub-paragraph (C) below of this Condition 6(b)(i), the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c), Condition 6(d), Condition 6(e) or Condition 6(f) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above of this Condition 6(b)(i), except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) Other Notes: The Early Redemption Amount payable in respect of any Note (other than Notes described in Condition 6(b)(i) above), upon redemption of such Note pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) **Redemption for Taxation Reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note), on giving not less than 15 nor more than 30 days' notice in writing to the Trustee and the Issuing and Paying Agent and the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer (or, if the Guarantee was called, the Guarantor) notifies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8), or any change in, or amendment to, the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, *provided* that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (A) a certificate in English signed by an Authorised Person of the Issuer (or of the Guarantor, as the case may be) stating that the obligation referred to in (i) above of this Condition 6(c) cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and (B) an opinion, in form and substance satisfactory and addressed to the Trustee, of independent legal or tax advisers of recognised standing with respect to tax matters of the Relevant Jurisdiction to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment. The Trustee shall be entitled to accept and conclusively rely upon such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above of this Condition 6(c) without further enquiry and without liability to any Noteholder, Couponholder or Receiptholder with respect to the Notes, in which event it shall be conclusive and binding on the Noteholders, Couponholders and Receiptholders.

(d) **Redemption at the Option of the Issuer:** If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice in writing to the Trustee and the Issuing and Paying Agent and the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in

Condition 6(b) above)), together with interest accrued to (but excluding) the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(d).

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirement.

(e) **Redemption at the Option of Noteholders:** If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) specified hereon at its Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued to (but excluding) the date fixed for redemption, if applicable.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice (an "**Exercise Notice**") in the form for the time being current, obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) **Redemption upon Occurrence of a Change of Control:** At any time following the occurrence of a Change of Control, the holder of each Note will have the right, at such holder's option, to require the Issuer to redeem all, or some only (subject to the proviso below), of such holder's Notes on the Put Settlement Date at the Change of Control Redemption Amount, together with accrued interest to (but excluding) such Put Settlement Date. To exercise such right, the holder of the relevant Note must deposit at the specified office of any Paying Agent during normal business hours (being between 9:00 a.m. and 3:00 p.m. (local time)) a duly completed and signed notice of redemption, in the form set out in the Agency Agreement for the time being current, obtainable from the specified office of any Paying Agent, Transfer Agent or the Registrar (as applicable) (a "**Put Exercise Notice**"), together with the Note (together with all unmatured Receipts and Coupons and unexchanged Talons) (in the case of Bearer Notes) or the Certificate (in the case of Registered Notes) evidencing the Notes to be redeemed, by not later than 30 days following the occurrence of a Change of Control or, if later, 30 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 16. The "**Put Settlement Date**" shall be the 14th day after the expiry of such period of 30 days as referred to above.

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

A holder will have no right to require the Issuer to redeem portions of Notes if it would result in such holder holding Notes in an aggregate nominal amount of less than the minimum Specified Denomination as set out hereon immediately following the Put Settlement Date.

The Issuer and the Guarantor shall give notice to Noteholders in accordance with Condition 16 and the Trustee and the Issuing and Paying Agent in writing by not later than seven days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition 6(f).

While any Bearer Note that was issued in accordance with TEFRA D is held in the form of a temporary Global Note, the right described in this Condition 6(f) will be available only to the extent that non-U.S. beneficial ownership certification has been received by the Issuer or its agent pursuant to TEFRA D.

Neither the Trustee nor any of the Agents shall be required to monitor or take any steps to ascertain whether a Change of Control has occurred or may occur and none of them shall be responsible or liable to the Issuer, the Guarantor, the Noteholders, the Couponholders, the Receiptholders or any other person for any loss or liability arising from any failure to do so. Neither the Trustee nor any Agent shall have obligation or duty to investigate or verify the accuracy, content, completeness, validity and/or genuineness of any documents provided to it by the Issuer, the Guarantor, the Couponholders, the Receiptholders, the Noteholders or any other person as part of or in connection with, and shall not be responsible or liable to the Issuer, the Guarantor, the Couponholders, the Receiptholders, the Noteholders or any other person for any loss or liability arising from so doing.

For the purposes of these Conditions:

"**Capital Stock**" means any and all shares, interests (including joint venture interests), equity participations or other equivalents (however designated) of capital stock of a corporation or any and all equivalent ownership interests in a Person (other than a corporation);

"**Change of Control**" means the occurrence, at any time, of any of the following:

(i) the Guarantor ceasing to own and control directly 100 per cent. of the Voting Shares of the Issuer; or

(ii) China Orient Asset Management Co., Ltd. (中国东方资产管理股份有限公司) ceasing to own and control, directly or indirectly, 100 per cent. of the Voting Shares of the Guarantor; or

(iii) the government of the PRC or Persons controlled by the government of the PRC ceasing to own and control directly or indirectly or in combination at least 50.1 per cent. of the Voting Shares of China Orient Asset Management Co., Ltd. (中国东方资产管理股份有限公司);

"**Change of Control Redemption Amount**" means 101 per cent. of the nominal amount of the Note unless otherwise specified hereon; and

"**Voting Shares**" means, with respect to any Person, the Capital Stock having the general voting power under ordinary circumstances to vote on the election of the members of the board of directors or other governing body of such Person (irrespective of whether or not at the time capital stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

(g) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 6 and the provisions specified hereon.

(h) **Purchases:** Each of the Issuer, the Guarantor and their respective Subsidiaries may at any time purchase Notes (*provided* that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. The Notes so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11(a) and 12.

(i) **Cancellation:** All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

(j) **Notice of Redemption:** All Notes in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date specified in such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Note (which shall include any notice given by the Issuer pursuant to Conditions 6(c) and 6(d), any Exercise Notice given by the holder of any such Note pursuant to Condition 6(e) and any Put Exercise Notice given by the holder of any such Note pursuant to Condition 6(f)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail.

7 Payments and Talons

*So long as the Notes are represented by a Global Note or Global Certificate which is held on behalf of Euroclear or Clearstream, CMU or any other clearing system, each payment in respect of the Global Note or Global Certificate will be made to, or to the order of, the person shown as the Noteholder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "**Clearing System Business Day**" means (in respect of Euroclear or Clearstream) a weekday (Monday to Friday, inclusive) except 25 December and 1 January, and (in respect of CMU) a day on which CMU is open for business.*

(a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and *provided* that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be:

(i) in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by wire transfer to an account denominated in such currency maintained by or on behalf of the Noteholder with, a Bank; and

(ii) in the case of Renminbi, by wire transfer from the relevant Paying Agent's office outside the United States to a Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong.

In this Condition 7(a) and Condition 7(b), "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to T2 System.

Payments of principal and interest in respect of Bearer Notes held in the CMU will be made to the CMU for its distribution, on the order of the holder of the Bearer Notes, to the person(s) for whose account(s) interests in the relevant Bearer Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time, and payment made to the CMU in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

(b) **Registered Notes**:

(i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii).

(ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof or in the case of Renminbi or otherwise specified, on the fifth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made by transfer to the registered account of the Noteholder.

In this Condition 7(b), "**registered account**" means the account in the relevant currency maintained by or on behalf of the Noteholder with a Bank (or, in the case of Renminbi, a bank in Hong Kong), details of which appear on the Register at the close of business of the Registrar on the Record Date.

Payments of principal and interest in respect of Registered Notes held in the CMU will be made to the CMU for its distribution, on the order of the holder of the Registered Notes, to the person(s) for whose account(s) interests in the relevant Registered Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time, and payment made to the CMU in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

(c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) **Payments subject to Fiscal Laws:** All payments will be subject in all cases to (i) any applicable fiscal or other laws, regulations and directives applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto (together "**FATCA**"). No commission or expense shall be charged to the Noteholders, Receiptholders or Couponholders in respect of such payments.

(e) **Appointment of Agents:** The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, the CMU Lodging and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, *provided* that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a CMU Lodging and Paying Agent in relation to CMU Notes, (v) one or more Calculation Agent(s) where the Conditions so require, and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7(c) above.

Notice of any such termination or appointment or any change of any specified office of any Agent shall be given by the Issuer to the Noteholders as soon as reasonably practicable in accordance with Condition 16.

(f) **Unmatured Coupons and Receipts and unexchanged Talons**:

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes), such Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note or Dual Currency Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" hereon and:

(i) Hong Kong; and

(ii) (A) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or

(B) (in the case of a payment in euro) which is a T2 Business Day; or

(C) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

8. Taxation

All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes, the Receipts and the Coupons or under the Guarantee shall be made free and clear of, and without set-off or counterclaim, withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands, Hong Kong or the PRC, in each case including any political subdivision or authority thereof or therein having power to tax (each, a "**Relevant Jurisdiction**"), unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer or (as the case may be) the Guarantor by or within the PRC as a result of the Issuer or the Guarantor being deemed by PRC tax authorities to be a PRC tax resident, at the rate up to and including the applicable rate as at the date on which agreement is reached to issue the first Tranche of Notes (the "**Applicable Rate**"), the Issuer or the Guarantor, as the case may be, will pay such additional amounts to the extent required, as will result in receipt by the Noteholders, Receiptholders or Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required.

If the Issuer or the Guarantor is required to make (i) such deduction or withholding by or within the PRC in excess of the Applicable Rate or (ii) any deduction or withholding by or within Hong Kong, the British Virgin Islands or any other Relevant Jurisdiction, the Issuer or the Guarantor, as the case may be, shall pay such additional amounts (the "**Additional Tax Amounts**") as will result in receipt by the Noteholders, Receiptholders or Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Tax Amounts shall be payable in respect of any Note, Receipt or Coupon (or the Guarantee, as the case may be):

(a) **Other Connection:** to, or to a third party on behalf of, a Noteholder, Receiptholder or Couponholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having or having had some connection with the Relevant Jurisdiction, other than the mere holding of the Note, Receipt or Coupon; or

(b) **Surrender more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment (where presentation is required) more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on presenting it for payment on the last day of such 30 day period; or

(c) **Presentation to another Paying Agent:** presented (or in respect of which the Certificate representing it is presented) for payment (where presentation is required) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent; or

(d) **Failure to provide certification:** where such withholding or deduction would not have been imposed but for the failure of the holder or beneficial owner to comply with a timely request of the Issuer or Guarantor, addressed to the holder, to provide information concerning the holder or beneficial owner's nationality, residence, identity or other connection with the Relevant Jurisdiction if and to the extent that due and timely compliance with such request is required under the domestic law of the Relevant Jurisdiction in order to reduce or eliminate the withholding or deduction; or

(e) **Beneficial owners:** to a holder that is a fiduciary, partnership or person other than the sole beneficial owner of the payment to the extent that a payment would be required to be included in the income, under the tax laws of the Relevant Jurisdiction, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Tax Amounts had that beneficiary, settlor, partner or beneficial owner been the holder thereof.

Notwithstanding any other provisions herein, no additional amounts will be payable for or on account of any deduction or withholding imposed pursuant to FATCA, any intergovernmental agreement entered into with respect to FATCA, or any law, regulation or other official guidance enacted in any jurisdiction implementing, or relating to, FATCA or any intergovernmental agreement.

For the purposes of these Conditions, "**Relevant Date**" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relevant Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, *provided* that payment is in fact made upon such presentation. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Change of Control Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition 8 or any undertaking given in addition to or in substitution for it under the Trust Deed.

If payments in respect of the Notes by the Issuer or the Guarantor (or any successor of the Issuer or the Guarantor) become generally subject to taxation in any jurisdiction other than the British Virgin Islands, Hong Kong or the PRC, references in these Conditions to Relevant Jurisdiction shall be construed to include or refer to such other jurisdiction.

Neither the Trustee nor any Agent shall in any event be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, any Noteholder or any other person to pay such tax, duty, charges, withholding or other payment in any jurisdiction or be responsible to provide any notice or information in relation to the Notes in connection with payment of such tax, duty, charges, withholding or other payment imposed by or in any jurisdiction.

9 Prescription

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal or premium) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Events of Default

If any of the following events (each, an "**Event of Default**") occurs and is continuing, the Trustee at its sole and absolute discretion may, and if so requested in writing by holders of at least 25 per cent. in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (*provided* that in any such case the Trustee shall first have been indemnified and/or secured and/or pre-funded to its satisfaction), give written notice to the Issuer and the Guarantor declaring that all Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued but unpaid interest:

(a) **Non-Payment:** the Issuer fails to pay (A) the principal of or premium (if any) on the Notes on the date such amount is due and payable; or (B) any interest on the Notes within 30 days after the due date for such payment; or

(b) **Breach of Other Obligations:** the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed (other than those referred to in Condition 10(a) or where such default gives rise to a right of redemption pursuant to Condition 6(f)), which default is either incapable of remedy or, if remediable, is not remedied within 60 days after notice of such default shall have been given to the Issuer and the Guarantor by the Trustee; or

(c) **Cross-Acceleration**: (A) any failure to pay upon final maturity when due or, as the case may be, within any originally applicable grace period, the principal of any Indebtedness of the Guarantor, the Issuer or any Principal Subsidiary (as defined in Condition 10), (B) any other present or future Indebtedness of the Guarantor, the Issuer or any Principal Subsidiary for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual default, event of default or the like (howsoever described), if such Indebtedness is not discharged or such acceleration is not annulled, within 10 days after receipt by the Trustee of the written notice from the Guarantor or the Issuer as provided in the Trust Deed or (C) any failure to pay any amount payable by the Guarantor, the Issuer or any Principal Subsidiary under any guarantee or indemnity in respect of any Indebtedness of any other Person thereof, when such amount is due, if such obligation is not discharged or otherwise satisfied within 10 days after receipt by the Trustee of written notice as provided in the Trust Deed; *provided* that, no such event set forth in (A), (B) or (C) of this Condition 10(c) shall constitute an Event of Default unless the aggregate outstanding Indebtedness to which all such events relate exceeds US$30,000,000 (or its equivalent in any other currency) (on the basis of the middle spot rate for the relevant currency against the US dollar as quoted by any leading bank selected by the Issuer on the day on which this paragraph operates); or

(d) **Judgments, Enforcement Proceedings and Security Enforced**: (A) any failure by the Guarantor, the Issuer or any Principal Subsidiaries to pay one or more final judgments from a court of competent jurisdiction, with an aggregate amount in excess of US$30,000,000 (or its equivalent in any other currency) (on the basis of the middle spot rate for the relevant currency against the US dollar as quoted by any leading bank selected by the Issuer on the day on which this paragraph operates), which judgments are not paid, discharged or stayed for a period of 60 days; or (B) (x) a distress, attachment, execution or any other legal process is levied, enforced or sued out on or against, or (y) any mortgage, charge, pledge, lien or other encumbrance, present or future, becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person), in each case with respect to, all or substantially all of the property, assets or revenues of the Guarantor, the Issuer or any of the Principal Subsidiaries, as the case may be, and is not discharged or stayed within 60 days; or

(e) **Insolvency**: (x) a decree or order is entered (A) for relief in respect of the Guarantor, the Issuer or any Principal Subsidiary in an involuntary case of winding-up or bankruptcy proceeding under applicable law, or (B) adjudging the Guarantor, the Issuer or any Principal Subsidiary bankrupt or insolvent, or (y) in connection with the bankruptcy or insolvency of the Guarantor, the Issuer or any Principal Subsidiary, a decree or order is entered seeking reorganisation, winding up, arrangement, adjustment or composition of or in respect of the Guarantor, the Issuer or any Principal Subsidiary under applicable law, or (z) a decree or order is entered appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Guarantor, the Issuer or any Principal Subsidiary or of all or substantially all of their properties, or ordering the winding up or liquidation of any of their affairs, and in each case, any such decree or order remains unstayed and in effect for a period of 60 consecutive days or more; except in each case, for a voluntary solvent winding up where surplus assets are available for distribution or for the purposes of and followed by a reconstruction, restructuring and rehabilitation, amalgamation, reorganisation, disposal, merger or consolidation of a Principal Subsidiary whereby the assets or undertakings of such Principal Subsidiary are vested in or otherwise transferred to the Issuer, the Guarantor or of their respective Subsidiaries, or any third party on an arm's length basis; or

(f) **Winding-up**: the Guarantor, the Issuer or any Principal Subsidiary institutes a voluntary case or proceeding under applicable bankruptcy, insolvency, reorganisation or similar law, or any other case or proceedings to be adjudicated bankrupt or insolvent, or the Guarantor, the Issuer or any Principal Subsidiary files a petition or answer or consent seeking reorganisation or relief under applicable bankruptcy, insolvency, reorganisation or similar law, or consents to the filing of any such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of any of the Guarantor, the Issuer or any Principal Subsidiary or of all or substantially all of its property, or makes an assignment for the benefit of creditors, or takes corporate action in furtherance of any such action, except in each case for a voluntary solvent winding up where surplus assets are available for distribution or for the purpose of and followed by a reconstruction, amalgamation, reorganisation, disposal, merger or consolidation whereby the assets or undertakings of such Principal Subsidiary are vested in or otherwise transferred to the Issuer, the Guarantor or of their respective Subsidiaries, or any third party on an arm's length basis; or

(g) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 10(d) to 10(f) (all inclusive); or

(h) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (A) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Notes and the Trust Deed, (B) to ensure that those obligations are legally binding and enforceable and (C) to make the Notes and the Trust Deed admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or

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

(j) **Unenforceability of Guarantee:** except as permitted under the Trust Deed, any part of the Guarantee is unenforceable or invalid or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by the Issuer or the Guarantor.

For purposes of these Conditions:

"**Principal Subsidiary**" at any time shall mean a Subsidiary of the Guarantor:

(A) as to which one or more of the following conditions is/are satisfied:

(i) its revenue or (in the case of a Subsidiary of the Guarantor which has Subsidiaries) consolidated revenue attributable to the Guarantor (in each case before taxation and exceptional items) is at least 10 per cent. of the consolidated revenue of the Guarantor (before taxation and exceptional items); or

(ii) its net assets or (in the case of a Subsidiary of the Guarantor which has Subsidiaries) consolidated net assets attributable to the Guarantor (in each case after deducting minority interests in Subsidiaries) are at least 10 per cent. of the consolidated net assets (after deducting minority interests in Subsidiaries) of the Guarantor,

all as calculated by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) of the Subsidiary of the Guarantor and the then latest audited consolidated financial statements of the Guarantor; *provided* that: (1) in the case of a Subsidiary of the Guarantor acquired after the end of the financial period to which the then latest relevant audited accounts relate, the reference to the then latest audited accounts for the purposes of the calculation above shall, until audited accounts for the financial period in which the acquisition is made are published, be deemed to be a reference to the accounts adjusted to consolidate the latest audited accounts of the Subsidiary in the accounts; (2) if, in the case of a Subsidiary of the Guarantor which itself has one or more Subsidiaries, no consolidated accounts are prepared and audited, its consolidated net assets and consolidated revenue shall be determined on the basis of pro forma consolidated accounts of the relevant Subsidiary and its Subsidiaries prepared for this purpose and opined on by its auditors; or (3) if the accounts of a Subsidiary of the Guarantor (not being a Subsidiary referred to in (1) above) are not consolidated with those of the Guarantor then the determination of whether or not the Subsidiary is a Principal Subsidiary shall, if the Guarantor requires, be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the audited consolidated accounts of the Guarantor and its Subsidiaries; or

(B) to which is transferred all or substantially all of the assets of a Subsidiary of the Guarantor which immediately prior to the transfer was a Principal Subsidiary; *provided* that, with effect from such transfer, the Subsidiary which so transfers its assets and undertakings shall cease to be a Principal Subsidiary (but without prejudice to paragraph (A) above).

11 Meetings of Noteholders, Modification, Waiver and Substitution

(a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested to do so by Noteholders holding not less than 10 per cent. in aggregate nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing more than 50 per cent. in aggregate nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest, premium (if any) or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum Rate of Interest and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum Rate of Interest and/or Maximum Rate of Interest, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount or the Change of Control Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, (viii) to modify, amend or terminate the Guarantee (other than in accordance with their respective terms or in accordance with Condition 11(b)), or (iv) to amend this proviso, in which case the necessary quorum shall be two or more persons holding or representing not less than 66 per cent., or at any adjourned meeting not less than 33 per cent., in aggregate nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in aggregate nominal amount of the Notes outstanding for the time being shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

So long as the Notes are represented by a Global Note or Global Certificate, Extraordinary Resolution includes a consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of all the Noteholders of not less than 90 per cent. in aggregate nominal amount of the Notes for the time being outstanding.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

(b) **Modification of Agreements and Deeds:** The Trustee may, but is not obligated to, agree, without the consent of the Noteholders, Receiptholders or Couponholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement that, in the opinion of the Trustee, is of a formal, minor or technical nature or is made to correct a manifest error or is to comply with any mandatory provision of applicable law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders, Receiptholders and the Couponholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer to the Noteholders as soon as practicable.

In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those in relation to any proposed modification, authorisation or waiver), the Trustee shall have regard to the interests of the Noteholders, Receiptholders or Couponholders as a class and shall not have regard to the interests of, or be responsible for, the consequences of such exercise for individual Noteholders, Receiptholders or Couponholders and, in particular but without affecting the generality of the foregoing, the Trustee shall not be entitled to require on behalf of any Noteholders, Receiptholders or Couponholders, nor shall any Noteholders, Receiptholders or Couponholders be entitled to claim, from the Issuer, the Guarantor or the Trustee any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders.

(c) **Entitlement of the Trustee:** In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 11), the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders, Receiptholders or Couponholders and the Trustee shall not be entitled to require on behalf of any Noteholder, Receiptholder or Couponholder, nor shall any Noteholder, Receiptholders or Couponholder be entitled to claim, from the Issuer or the Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

(d) **Substitution:** The Trust Deed contains provisions permitting (but not obliging) the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders, Receiptholders or the Couponholders, to the substitution of the Issuer's successor in business or any Subsidiary of the Issuer or its successor in business or of the Guarantor or its successor in business or any Subsidiary of the Guarantor or its successor in business in place of the Issuer or the Guarantor, or of any previous substituted company, as principal debtor or guarantor under the Trust Deed, the Agency Agreement, the Notes, the Receipts, the Coupons and the Talons, subject to certain conditions set out in the Trust Deed being complied with.

12 Enforcement

If an Event of Default occurs and is continuing, the Trustee may, at its sole and absolute discretion and without further notice, take such steps, actions or institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Notes, the Receipts and the Coupons, but it needs not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least 25 per cent. in aggregate nominal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder, Receiptholder or Couponholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13 Indemnification of the Trustee and the Agents

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including without limitation provisions relieving it from taking any steps and/or actions and/or instituting proceedings to enforce its rights under the Trust Deed, the Agency Agreement and/or these Conditions and in respect of the Notes and payment or taking other actions and entitling it to be paid or reimbursed for any fees, costs, expenses, indemnity payments, other amounts and for liabilities incurred by it. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any entity related to the Issuer or the Guarantor without accounting for any profit.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Guarantor and any other person appointed by the Issuer in relation to the Notes of the duties and obligations on their part expressed in respect of the same and, unless it has actual knowledge or written notice from the Issuer or the Guarantor to the contrary, the Trustee and each Agent shall assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Noteholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Noteholders. The Trustee shall be entitled to conclusively rely on (without liability) any direction, request or resolution of Noteholders given by holders of the requisite nominal amount of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed. Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction, to seek directions from the Noteholders by way of an Extraordinary Resolution, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions or in the event that no such directions are received. The Trustee shall be under no obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement or these Conditions.

Each Noteholders, Receiptholders or Couponholders shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, the Guarantor and their respective Subsidiaries, and neither the Trustee nor any Agent shall at any time have any responsibility or liability to any Noteholders, Receiptholders or Couponholders for the same and each Noteholders, Receiptholders or Couponholders shall not rely on the Trustee or any Agent in respect thereof.

The Trustee and the Agents may conclusively rely without liability to Noteholders, Receiptholders or Couponholders on any report, confirmation, opinion or certificate or any advice of any accountants, lawyers, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee and the Agents may accept and shall be entitled to conclusively without liability rely on any such report, confirmation, opinion or certificate or advice and such report, confirmation, opinion or certificate or advice shall be binding on the Issuer, the Guarantor, the Trustee, the Noteholders, Receiptholders and the Couponholders.

14 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity and/or security and/or pre-funding (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer or the relevant Agent may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

15 Further Issues

The Issuer may from time to time without the consent of the Noteholders, Receiptholders or Couponholders create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the Issue Date, the issue price, the amount of the first payment of interest on them, the timing for submission of the NDRC Post-issue Filing (if applicable) and, to the extent necessary, certain transfer restrictions as a result of applicable securities law) and so that such further issue shall be consolidated and form a single Series with the outstanding securities of any Series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single Series with the Notes. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other Series where the Trustee so decides.

In the case of Bearer Notes that are issued under TEFRA D, any consolidation of additional Notes with outstanding Notes will occur only after certification of non-U.S. beneficial ownership has been received in accordance with TEFRA D and the temporary Global Note has been exchanged for a permanent Global Note or definitive Note.

16 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday or a public holiday) after the date of mailing and, so long as the Notes are listed on any stock exchange and the rules of that stock exchange so require, duly published in a manner that complies with the rules and regulations of such stock exchange. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Asia (which is expected to be *The Wall Street Journal Asia*) and, so long as the Notes are listed on any stock exchange and the rules of that stock exchange so require, duly published in a manner that complies with the rules and regulations of such stock exchange. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Asia. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 16.

So long as the Notes are represented by a Global Note or Global Certificate is held on behalf of Euroclear and Clearstream or the CMU, any notice to the Noteholders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream or as the case may be, the CMU, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

17 Contracts (Rights of Third Parties) Ordinance (Cap 623)

Without prejudice to the rights of the Noteholders as set out in these Conditions, no person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Ordinance (Cap 623) except to the extent expressly provided for in these Conditions and in the Trust Deed.

18 Governing Law and Jurisdiction

(a) **Governing Law:** The Trust Deed, the Notes, the Receipts, the Coupons and the Talons, the Agency Agreement and the Guarantee are governed by, and shall be construed in accordance with, Hong Kong law.

(b) **Jurisdiction:** The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons, the Guarantee, the Agency Agreement and/or the Trust Deed and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons, the Guarantee, the Agency Agreement and/or the Trust Deed ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor has in the Trust Deed and the Agency Agreement irrevocably submitted to the exclusive jurisdiction of such courts and waived any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) **Service of Process:** The Issuer has in the Trust Deed and the Agency Agreement irrevocably appointed the Guarantor at 36/F One International Finance Centre, 1 Harbour View Street, Central, Hong Kong as its authorised agent to receive, for it and on its behalf, service of process in any Proceedings in Hong Kong.

(d) **Waiver of Immunity:** To the extent that the Issuer or the Guarantor may in any jurisdiction claim for itself or its property immunity from any Proceedings, and to the extent that in any such jurisdiction there may be attributed to the Issuer or the Guarantor or its property such immunity (whether or not claimed), the Issuer or the Guarantor, as the case may be, has in the Trust Deed and the Agency Agreement irrevocably agreed not to claim and irrevocably waived and agreed to waive in the face of the courts such immunity.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Terms used in this section that are not otherwise defined shall have the meanings given to them in "Terms of Conditions of the Notes."

Initial Issue of Notes

Global Notes and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depositary for Euroclear and Clearstream or a sub-custodian for the Hong Kong Monetary Authority (the "**HKMA**") as operator of the CMU.

Upon the initial deposit of a Global Note or a Global Certificate with a common depositary for Euroclear and Clearstream (the "**Common Depositary**") or with a sub-custodian for the HKMA as operator of the CMU or registration of Registered Notes in the name of (i) any nominee for Euroclear and Clearstream or (ii) the HKMA and delivery of the relative Global Note or Global Certificate to the Common Depositary or the sub-custodian for the HKMA as operator of the CMU (as the case may be), Euroclear or Clearstream or the CMU (as the case may be) will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream or other clearing systems.

Relationship of Accountholders with Clearing Systems

Save as provided in the following paragraph, each of the persons shown in the records of Euroclear, Clearstream or any other clearing system (an "**Alternative Clearing System**") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

If a Global Note or a Global Certificate is lodged with a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the CMU Rules, and if applicable, as notified by the CMU to the CMU Lodging and Paying Agent in a relevant CMU Instrument Position Report or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU save in the case of manifest error) shall be the only person(s) entitled or in the case of Registered Notes, directed or deemed by the CMU as entitled to receive payments in respect of Notes represented by such Global Note or Global Certificate and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in respect of each amount so paid. Each of the persons shown in the records of the CMU as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Certificate must look solely to the CMU for his share of each payment so made by the Issuer in respect of such Global Note or Global Certificate.

Exchange

Temporary Global Notes

Bearer Notes issued in accordance with TEFRA D must be initially represented by a temporary Global Note. Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with TEFRA C or in a transaction to which TEFRA is not applicable (as to which, see "*Summary of the Programme – Selling Restrictions*"), in whole, but not in part, for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, the Definitive Notes defined and described below; and

(ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreements for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

The CMU may require that any such exchange for a permanent Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Issue Position Report (as defined in the rules of the CMU) or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) have so certified.

The holder of a temporary Global Note issued pursuant to TEFRA D will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreements, exchange of the temporary Global Note for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. The payments in respect of a Note issued under TEFRA D pursuant to Condition 6(e) may not be collected without certificate as to non-U.S. beneficial ownership.

Further Issues

In respect of a Bearer Note issued under TEFRA D, a further issue of Notes by the Issuer pursuant to Condition 15 may be consolidated and form a single series with outstanding Notes only after certification of non-U.S. beneficial ownership has been received in accordance with TEFRA D and the exchange of interests in a temporary Global Note for interests in a permanent Global Note.

Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "Partial Exchange of Permanent Global Notes" below, in part for Definitive Notes if the permanent Global Note is held on behalf of Euroclear, Clearstream, the CMU or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.

Global Certificates

The following will apply in respect of transfers of Notes held in Euroclear, Clearstream, the CMU or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system. Transfer of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

In the event that a Global Certificate is exchanged for a definitive certificate, such definitive certificate shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive certificate in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Delivery of Notes

On or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent).

In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. Global Notes, Global Certificates and Definitive Notes will be delivered outside the United States and its possessions. In this Offering Circular, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

Exchange Date

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with TEFRA D before the Exchange Date will only be made against certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note (except with respect to a Global Note held through the CMU) will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Condition 7(f)(vi) and Condition 8(c) will apply to the Definitive Notes only. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation (if applicable) shall be disregarded in the definition of "**business day**" set out in Condition 7(h).

All payments in respect of Notes represented by a Global Certificate (other than a Global Certificate held through the CMU) will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

In respect of a Global Note or Global Certificate held through the CMU, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Note or Global Certificate are credited (as set out in the records of the CMU) at the close of business on the Clearing System Business Day immediately prior to the date for payment and, save in the case of final payment, no presentation of the relevant bearer Global Note or Global Certificate shall be required for such purpose. For the purposes of this paragraph, "**Clearing System Business Day**" means a day on which the CMU is operating and open for business.

Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and 5 years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note or a Global Certificate shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholders holding, whether or not represented by a Global Certificate.

Cancellation

Cancellation of any Note represented by a permanent Global Note or Global Certificate that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note or its presentation to or to the order of the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) for endorsement in the relevant schedule of such permanent Global Note or, in the case of a Global Certificate, by reduction in the aggregate principal amount of the Certificates in the Register, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

Purchase

Notes represented by a permanent Global Note or by a Global Certificate may only be purchased by the Issuer, the Guarantor or any of their respective subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

Issuers' Option

Any option of early redemption of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note or by a Global Certificate shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, the CMU or any other clearing system (as the case may be).

Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes, while such Notes are represented by a Global Note or Global Certificate and such Global Note or Global Certificate is held by or on behalf of a clearing system, may be exercised by (i) the holder giving notice to any of the Paying Agents (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) within the time limits in respect of which the option is exercised and presenting the Global Note or Global Certificate for endorsement or exercise (if required) or (ii) a holder of a book-entry interest in the Notes represented by the Global Note or Global Certificate delivering to any of the Paying Agents (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) the relevant exercise notice, duly completed by or on behalf of such holder (on appropriate proof of its identity and interest), in each case within the time limits specified in the Conditions and otherwise in accordance with the rules and procedures of the relevant clearing system. In the case of (ii) above, deposit of the Global Note or Global Certificate with the any of the Paying Agents (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) together with such exercise notice shall not be required.

Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of, or in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interest if such accountholders were the holders of the Notes represented by such Global Note or the relevant Global Certificate, as the case may be.

Notices

So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of (i) Euroclear and/or Clearstream or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or (ii) the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the CMU, rather than by publication as required by the Terms and Conditions of the Notes, and any such notice shall be deemed to have been given to the Noteholders on the day on which such notice is delivered to the CMU.

Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holders in respect of them.

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Notes is based upon applicable laws, regulations, rulings and decisions in effect at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Noteholder or any persons acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. Persons considering the purchase of the Notes should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Notes under the laws of their country of citizenship, residence or domicile.

British Virgin Islands

Income Tax

As of the date of this Offering Circular, the Issuer is exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands. No income, capital gain, estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any debt obligations or other securities of the Issuer.

Withholding Tax

There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to payments the Issuer may make under the transaction documents relating to the Notes.

Hong Kong

Withholding Tax

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

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**Inland Revenue Ordinance**") as it is currently applied by the Inland Revenue Department, interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong; or

(iii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person (other than a corporation) carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business; or

(iv) interest on the Notes is received by or accrues to a corporation (other than a financial institution) and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the Inland Revenue Ordinance).

Sums derived from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax where received by or accrued to a person (other than a financial institution) who carries on a trade, profession or business in Hong Kong and the sums have a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation (other than a financial institution) by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the Inland Revenue Ordinance) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

In addition, the Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Ordinance 2022 of Hong Kong (the "**Amendment Ordinance**") came into effect on 1 January 2023. Under the Amendment Ordinance, certain foreign-sourced interest on the Notes accrued to an MNE entity (as defined in the Amendment Ordinance) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The Amendment Ordinance also provides for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

Stamp duty will not be payable on the issue of Bearer Notes provided that either:

(i) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong (the "**SDO**")).

If stamp duty is payable, it is payable by the Issuer on the issue of Bearer Notes at a rate of 3 per cent. of the market value of the Bearer Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of Registered Notes provided that either:

(i) such Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Registered Notes constitute loan capital (as defined in the SDO).

With effect from 17 November 2023, if stamp duty applies to the transfer of Registered Notes required to be registered in Hong Kong and which are not otherwise exempt it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. In addition, stamp duty is payable at the fixed rate of HK$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

PRC

The following summary describes the principal PRC tax consequences of ownership of the Notes by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC resident Noteholders in this "*Taxation – PRC*" section. In considering whether to invest in the Notes, investors should consult their individual tax advisors with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

Income Tax

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose "*de facto management body*" are within the territory of China are treated as PRC tax resident enterprises for the purpose of the EIT Law and must pay PRC enterprise income tax at the rate of 25% in respect of their taxable income. See "*Risk Factors – Under the Enterprise Income Tax Law, the Issuer or the Guarantor may be classified as a "resident enterprise" of the PRC. Such classification could result in unfavourable tax consequences to the Issuer or the Guarantor and its non-PRC Noteholders*". If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "*de facto management body*" of the Issuer or the Guarantor is within the territory of PRC, the Issuer or the Guarantor may be held to be a PRC tax resident enterprise for the purpose of the EIT Law and be subject to PRC enterprise income tax at the rate of 25% on its taxable income. At the date of this Offering Circular, neither the Issuer nor the Guarantor has been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law.

However, there is no assurance that the Issuer or the Guarantor will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future. Pursuant to the EIT Law and its implementation regulations, any non-resident enterprise without an establishment within the PRC or whose income has no connection to its establishment inside the PRC must pay enterprise income tax on income sourced within the PRC, and such income tax must be withheld at source by the PRC payer acting as a withholding agent. Accordingly, in the event either of the Issuer or the Guarantor is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, the Issuer or the Guarantor may be required to withhold income tax from the payments of interest in respect of the Notes (or the Guarantee in the case of the Guarantor) to any non-PRC Noteholder. In addition, if the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities, gain from the disposition of the Notes may be subject to PRC tax, if the income or gain is treated as PRC-sourced. The tax rate is generally 10% for non-PRC resident enterprise Noteholders and 20% in the case of non-PRC resident individual Noteholders. These rates may be reduced by an applicable tax treaty.

Value Added Tax

On March 23, 2016, the MOF and the State Administration of Taxation issued Circular 36 which provides that business tax was replaced by VAT from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, VAT.

According to Circular 36, the entities and individuals providing the services within the PRC shall be subject to VAT. The services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the "loans" refers to the activity of lending capital for another's use and receiving the interest income thereon. Based on the definition of "loans" under Circular 36, the issuance of Notes may be treated as though holders of the Notes are providing loans to the Issuer, which may be regarded as financial services subject to the VAT.

It is also not clear from the interpretation of Circular 36 if the provision of loans to the Issuer could be considered services provided within the PRC, and therefore could be subject to VAT. As there is no assurance that the Issuer will not be treated as a "resident enterprise" under the EIT Law, PRC tax authorities could take the view that the holders of the Notes are providing loans within the PRC because the Issuer is treated as a PRC tax resident. In such case, the issuance of the Notes could be regarded as the provision of financial services within the PRC and therefore is subject to VAT.

If the Issuer is treated as a PRC tax resident and if PRC tax authorities take the view that the holders of the Notes are providing loans within the PRC, or if the interest component of the amount paid by the Guarantor to the holders of the Notes under the Guarantee is viewed as interest income arising within the territory of the PRC, the holders of the Notes may be subject to the VAT at the rate of 6 per cent. when receiving the interest payments or Guarantee payments under the Notes or the Guarantee, as the case may be. In such case, given that the Issuer or the Guarantor makes payments to the holders of the Notes who are located outside of the PRC, the Issuer or the Guarantor, acting as the obligatory withholder in accordance with applicable law, will be required to withhold the VAT from the payment of interest income or under the Guarantee to holders of the Notes who are located outside of the PRC. Holders of Notes which are located in the PRC would be additionally subject to the local levies at approximately 12 per cent. of the VAT payment.

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

The above statement may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. Accordingly, there is uncertainty as to the interpretation and application of Circular 36.

Stamp Duty

No PRC stamp tax will be chargeable upon the issue or transfer of a Note (for so long as the transaction documents in relation to the issuance of the Notes are executed outside of the PRC, the register of holders of the Notes is maintained outside the PRC and the sale of the Notes is made outside of the PRC, as is expected to be the case).

FATCA Withholding

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA, which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

PRC CURRENCY CONTROLS

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to control imposed under PRC law.

Current Account Items

Under the PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. Since July 2009, the PRC has adopted the Measures for the Administration of Pilot RMB Settlement in Cross-border Trade (《跨境貿易人民幣結算試點管理辦法》), and commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. In June 2010, July 2011 and February 2012 respectively, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades (《關於擴大跨境貿易人民幣結算試點有關問題的通知》), the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement (《關於擴大跨境貿易人民幣結算地區的通知》), the Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods (《關於出口貨物貿易人民幣結算企業管理有關問題的通知》), and Circulars with regard to the expansion of designated cities and offshore jurisdictions implementing the pilot Renminbi settlement scheme for cross-border trades. Pursuant to these Circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover all provinces and cities in the PRC, (iii) the restriction on designated offshore districts has been lifted and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods, provided that the relevant provincial government has submitted to PBOC and five other PRC authorities (the "**Six Authorities**") a list of key enterprises subject to supervision and the Six Authorities have reviewed and approved such list (the "**Supervision List**").

Accordingly, offshore enterprises are entitled to use Renminbi to settle imports of goods and services and other current account items. Renminbi remittance for exports of goods from the PRC may only be effected by (a) enterprises with the foreign trading right and incorporated in a province which has already submitted the Supervision List (for the avoidance of doubt, that PRC enterprise does not necessarily need to be included in the Supervision List) or (b) enterprises that have been approved as a pilot enterprise for using Renminbi for exports before the Six Authorities reviewed and approved the Supervision List submitted by relevant province.

The foregoing measures and circulars will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these circulars and impose conditions for settlement of current account items.

Capital Account Items

Under the applicable PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant PRC authorities.

On 7 April 2011, the State Administration of Foreign Exchange ("**SAFE**") issued the Notice on Relevant Issues regarding Streamlining the Business Operation of Cross-border RMB Capital Account Items (《國家外匯管理局綜合司關於規範跨境人民幣資本項目業務操作有關問題的通知》), which clarifies that the borrowing by an onshore entity (including a financial institution) of Renminbi loans from an offshore creditor shall in principle follow the current regulations on borrowing foreign debts and the provision by an onshore entity (including a financial institution) of external guarantees in Renminbi shall in principle follow the current regulations on the provision of external guarantees in foreign currencies.

On 3 December 2013, MOFCOM promulgated the Notice of the Ministry of Commerce on Issues concerning Cross-border Direct Investment in RMB (《關於跨境人民幣直接投資有關問題的公告》). The Notice also requires that the proceeds of cross-border direct investment in RMB may not be directly or indirectly used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investments in the PRC domestic listed companies through private placements or share transfers by agreement.

On 13 October 2011, the PBOC issued the Measures for the Administration on RMB Settlement in Foreign Direct Investment (《外商直接投資人民幣結算業務管理辦法》) and modified on 29 May 2015, which set out operating procedures for PRC banks to handle RMB settlement relating to RMB FDI and borrowing by foreign invested enterprises of offshore RMB loans. According to the Measures, foreign invested enterprises, whether established or acquired by foreign investors, shall complete the corporate information registration after the completion of relevant RMB FDI transactions, and shall make post-event registration or filing with the PBOC of increases or decreases in registered capital, equity transfers or swaps, merger or acquisition or other changes to registered information.

On 30 March 2015, the SAFE promulgated the Notices of Reformation on Administration of Settlement of Capital Foreign Exchange of Foreign-invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》(匯發 [2015]19號)), which became effective on 1 June 2015 and expanded the aforementioned reform to the whole country.

The foregoing circulars, notices and measures will be subject to interpretation and application by the relevant PRC authorities. There is no assurance that approval of such remittances, borrowing or provision of external guarantee in Renminbi will continue to be granted or will not be revoked in the future. Further, since the remittance of Renminbi by way of investment or loans are now categorised as capital account items, such remittances are subject to the specific requirements or restrictions set out in the relevant SAFE rules.

NDRC REGISTRATION

On 14 September 2015, the NDRC issued the Circular 2044, which became effective on the same day.

On 5 January 2023, the NDRC published the NDRC New Measures which came into effect on 10 February 2023 and repealed the Circular 2044 on the same date. The NDRC New Measures applies to medium and long-term foreign debts with a maturity of more than one year that are borrowed from overseas by enterprises within the territory of the PRC and by overseas enterprises or branches controlled by aforementioned PRC enterprises, denominated in local or foreign currency, and of which principal is repaid with payment of interest as agreed. For the purpose of the NDRC New Measures, the forms of foreign debts include but are not limited to senior bonds, perpetual bonds, capital bonds, medium-term notes, convertible bonds, exchangeable bonds, financial leasing, and commercial loans. Before borrowing any foreign debt, the Certificate of Examination and Registration of Foreign Debts Borrowed by Enterprises (企業借用外債審核登記證明) (the "**Examination and Registration Certificate**") shall be obtained from the NDRC, and such certificate shall be valid for one year from the date of issuance and be automatically invalidated upon expiry.

Apart from the foregoing pre-issuance requirement, the NDRC New Measures stipulates post-issuance filing requirements as following: (1) filing the information of foreign debts within 10 business days after borrowing each foreign debt; (2) filing the information on the borrowing of foreign debts within 10 business days upon the expiration of the Examination and Registration Certificate; and (3) filing the information on the use of proceeds raised from foreign debts, the repayment of principal with the payment of interest, plans and arrangements, and major business indicators, etc., within five business days prior to the end of January and the end of July each year. In addition, in case of any major event that may affect the normal performance of debt obligations, enterprises shall promptly report relevant information and take risk control measures to prevent the spill-over of onshore default risks and cross default risks.

With respect to conducts in violation of the NDRC New Measures, legal liabilities and consequences to enterprises borrowing foreign debts have been stipulated in the NDRC New Measures. If any enterprise borrows foreign debts in violation of the NDRC New Measures, the NDRC will take disciplinary actions such as holding an interview and giving a public warning against the relevant enterprise and its principal liable person. If any application documents to apply for foreign debt approval submitted by enterprises contain concealing, false record, misleading statement, or material omission, the NDRC will give a warning to relevant enterprise and its principal liable person. If the approval is obtained by concealment, deception, bribery, or any other improper means, such approval will be revoked. For any enterprise failing to comply with filing and reporting requirements under the NDRC New Measures, the NDRC will order such enterprise to take rectification actions within a prescribed time limit; and if the circumstances are severe or the enterprise fails to take rectification action within the prescribed time limit, give a warning to the relevant enterprise and its principal liable person. Furthermore, conducts in violation of the NDRC New Measures committed by enterprises will be publicised on, among others, the Credit China (信用中國) website and the National Enterprise Credit Information Publicity System (國家企業信用資訊公示系統).

SUBSCRIPTION AND SALE

The Dealers have, in a dealer agreement dated 25 January 2024 as amended and/or supplemented from time to time (the "**Dealer Agreement**"), agreed with the Issuer and the Guarantor a basis on which they or any of them may from time to time agree to subscribe the Notes. Any such agreement will extend to those matters stated under "*Terms and Conditions of the Notes*". Under the terms of the Dealer Agreement, the Issuer, failing whom the Guarantor, will pay each relevant Dealer a commission (if any) agreed between the Issuer, the Guarantor and the relevant Dealer in respect of the Notes subscribed by it. The Issuer and the Guarantor have agreed to reimburse the Arrangers for certain of their expenses properly incurred in connection with the establishment of the Programme and any future update of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer and the Guarantor have agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe the Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

The Dealers and certain of their affiliates may have performed certain investment banking and advisory services for the Issuer, the Guarantor and/or their respective affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer, the Guarantor and/or their respective affiliates in the ordinary course of their business.

In connection with each Tranche of the Notes issued under the Programme, the Dealers or certain of their affiliates may purchase the Notes and allocate the Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers or their respective affiliates may purchase the Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/or other securities of the Issuer, the Guarantor or their respective subsidiaries or affiliates at the same time as the offer and sale of each Tranche of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Tranche of Notes to which a particular Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Tranche of Notes).

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for the relevant CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer and the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer and the Guarantor, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the relevant Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer and the Guarantor or any CMI (including its group companies) and inform the relevant Dealers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for the relevant CMI Offering may include institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language or any UK MiFIR product governance language set out elsewhere in this Offering Circular and/or the applicable Pricing Supplement.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the relevant Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer or the Guarantor. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the relevant Notes. CMIs are informed that a private bank rebate may be payable and in the applicable Pricing Supplement, or otherwise notified to prospective investors.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Dealers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the relevant Notes, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Dealer(s) (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order and will result in that private bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: the Dealers named in the relevant Pricing Supplement.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer and the Guarantor, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the relevant CMI Offering. The relevant Dealers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Dealers with such evidence within the timeline requested.

Selling Restrictions

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

United States of America

The Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States (or, in certain circumstances, to, or for the account or benefit of, U.S. persons) except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Bearer Notes will be issued in accordance with the provisions of U.S. Treasury Regulation or section 1.163-5(c)(2)(i)(D), unless the relevant Pricing Supplement specifies that Notes will be issued in accordance with the provision of U.S. Treasury Regulation or section 1.163-5(c)(2)(i)(C). The applicable Pricing Supplement will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

In the case of a Regulation S Category 1 offering, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and it will not offer or sell any Notes and the Guarantee constituting part of its allotment in the United States except in accordance with Rule 903 of Regulation S under the Securities Act, and that accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes and the Guarantee. In addition, until 40 days after the commencement of the offering of any identifiable tranche of such Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act. Each Dealer has represented, and each further Dealer appointed under the Programme will be required to, represent that it has not entered and agrees that it will not enter into any contractual arrangement with any distributor (as such term is defined in Regulation S) with respect to the distribution or delivery of the Notes and the Guarantee, except with its affiliates or with the prior written consent of the Issuer.

In the case of a Regulation S Category 2 offering, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has offered, sold and delivered, and it will offer, sell or deliver such Notes and the Guarantee (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified to the Issuer and each relevant Dealer, by the Trustee or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes and the Guarantee, and it and they have complied and shall comply with the offering restrictions requirement of Regulation S. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes and the Guarantee during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes and the Guarantee within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has represented, and each further Dealer appointed under the Programme will be required to, represent that it has not entered and agrees that it will not enter into any contractual arrangement with any distributor (as such term is defined in Regulation S) with respect to the distribution or delivery of the Notes and the Guarantee, except with its affiliates or with the prior written consent of the Issuer.

Until 40 days after the commencement of the offering of any Series of Notes and the Guarantee, an offer or sale of such Notes and the Guarantee within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

In addition, unless the Pricing Supplement relating to one or more Tranches specifies that the applicable TEFRA exemption is either "TEFRA C" or "TEFRA not applicable", each Dealer represents and agrees in relation to each Tranche of Bearer Notes:

(a) except to the extent permitted under rules in substantially the same form as U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) for purposes of Section 4701 of the U.S. Internal Revenue Code (the "**Code**") (the "**TEFRA D**"):

   (i) it has not offered or sold, and during a 40 day restricted period shall not offer or sell, Bearer Notes to a person who is within the United States or its possessions or to a United States person; and

   (ii) it has not delivered and shall not deliver within the United States or its possessions definitive Bearer Notes that are sold during the restricted period;

(b) it has and throughout the restricted period shall have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes are aware that such Bearer Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by TEFRA D;

(c) if it is a United States person, it is acquiring the Bearer Notes for purposes of resale in connection with their original issuance and if it retains Bearer Notes for its own account, it shall only do so in accordance with the requirements of rules in substantially the same form as U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6) for purposes of Section 4701 of the Code; and

(d) with respect to each affiliate that acquires from it Bearer Notes for the purpose of offering or selling such Bearer Notes during the restricted period, it either (i) repeats and confirms the representations contained in (a) through (c) above on behalf of such affiliate or (ii) agrees that it shall obtain from such affiliate for the benefit of the Issuer the representations contained in (a) through (c) above.

Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder, including TEFRA D.

Notes issued pursuant to TEFRA D and any Receipts or Coupons appertaining thereto will bear the following legend:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code"

In addition, to the extent that the Pricing Supplement relating to one or more Tranches of Bearer Notes specifies that the applicable TEFRA exemption is "TEFRA C", under rules in substantially the same form as U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) for purposes of Section 4701 of the Code (the "**TEFRA C**"), Bearer Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. In relation to each such Tranche, each Dealer represents and agrees that it has not offered, sold or delivered, and shall not offer, sell or deliver, directly or indirectly, Bearer Notes within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of Notes in bearer form, each Dealer represents and agrees that it has not communicated, and shall not communicate, directly or indirectly, with a prospective purchaser if either of them is within the United States or its possessions or otherwise involve its U.S. office in the offer or sale of Bearer Notes. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder, including TEFRA C.

Each issuance of index-, commodity- or currency-linked Notes shall be subject to such additional U.S. selling restrictions as the Relevant Dealer(s) shall agree with the Issuer as a term of the issuance and purchase or, as the case may be, subscription of such Notes. Each Relevant Dealer agrees that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

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

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

 (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"); and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Prohibition of sales to UK Retail Investors

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Other regulatory restrictions

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that:

(a) in relation to any Notes which have a maturity of less than one year:

(i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

(ii) it has not offered or sold and will not offer or sell any Notes other than to persons:

(A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses; or

(B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer.

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor.

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

Hong Kong

In relation to each Series of Notes issued by the Issuer, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**Companies (Winding Up and Miscellaneous Provisions) Ordinance**") or which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "**professional investors**" as defined in the SFO and any rules made under the SFO.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4(A) of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") and each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan.

PRC

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC or Taiwan), except as permitted by the applicable laws of the PRC.

The British Virgin Islands

Notwithstanding that Part II of the Securities and Investment Business Act, 2010 (as amended) ("**SIBA**") is not, as at the date of this Offering Circular, in force, none of this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes shall be distributed to, or received by, any person in the British Virgin Islands if the distribution of any of such documents to, or receipt of any of such documents by, that person shall constitute a public offer within the meaning of the SIBA.

Each of the Dealers has represented, warranted and agreed that it has not distributed to or caused to be received by any person in the British Virgin Islands this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes in such a way as to constitute a public offer within the meaning of the SIBA.

Taiwan

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold, and will not offer or sell, any Notes, directly or indirectly, in Taiwan, to investors other than Professional Institutional Investors, unless otherwise permitted by the laws and regulations of Taiwan. Professional Institutional Investors as defined under Article 4 of the Financial Consumer Protection Act.

Macau

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that the Notes may not be promoted, distributed, sold or delivered in Macau, and any document relating to the Notes may not be distributed or circulated in Macau, except permitted under the terms of and in compliance with the Financial System Act as approved by the Law no.13/2023 (the "**FSA**") and Guideline on Provision and Distribution of Financial Products (Circular no. 033/B/2010-DSB/AMCM dated 17 September 2010), the Guideline on Issuance and Information Disclosure of Corporate Bond and Guideline on Underwriting and Trustee Business of Corporate Bond (Circulars no. 011/B/2023-DSB/AMCM dated 1 November 2023) and guideline regarding Registration System for Bond Issuance through Public Subscription (Circular no. 012/B/2023-AMCM) (the "**AMCM Circulars**") and any other laws in Macau that may apply to the offer and sale of the Notes in Macau. The Notes have not been and will not be registered for offer and sell to professional investors in Macau under the FSA and the AMCM Circulars, thus may not be offered or sold in Macau, unless such offer and sale are made by Macau licensed entities according to the FSA and AMCM Circulars and upon their communication to the AMCM and the MOX (when applicable), in observation of the guidelines and recommendations issued by the AMCM and the MOX (when applicable) from time to time.

The Dealers who are not Macau licensed entities will not promote, distribute, sell or deliver any of the Notes in Macau.

General

These selling restrictions may be modified by the agreement of each of the Issuer, the Guarantor and the Dealer following a change in a relevant law, regulation or directive. Any such modification will be set out in the relevant Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

GENERAL INFORMATION

1. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the establishment of the Programme, the issue of the Notes thereunder and the performance of its obligations under the Notes, the Trust Deed and the Agency Agreement. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the Guarantee, the execution of the Trust Deed and the Agency Agreement. The giving of the Guarantee was authorised by resolutions of the Board of Directors of the Guarantor on 12 December 2023.

2. **No Material Adverse Change:** Save as disclosed in this Offering Circular, there has been no material adverse change in the financial or trading position or prospects of the Guarantor and the Group since 31 December 2022.

   Save as disclosed in this Offering Circular, there has been no material adverse change in the financial or trading position or prospects of the Issuer since its date of incorporation.

3. **Litigation:** Save as disclosed in this Offering Circular, none of the Issuer, the Guarantor or any other member of the Group is involved in any litigation or arbitration proceedings that either the Issuer or the Guarantor believes are material in the context of the establishment of the Programme or the issue of Notes thereunder, and neither the Issuer nor the Guarantor is aware that any such proceedings are pending or threatened.

4. **Available Documents:** Copies of the following documents will be available for inspection from the date of this Offering Circular at the Guarantor's registered office at 36/F, One International Financial Centre, 1 Harbour View Street, Hong Kong during normal business hours, so long as any of the Notes issued under the Programme is outstanding:

   (a) the Guarantor's Consolidated Financial Statements;

   (b) the Trust Deed;

   (c) the Agency Agreement;

   (d) the Articles of Association of the Issuer;

   (e) the Memorandum and Articles of Association of the Guarantor;

   (f) each Pricing Supplement (save that a Pricing Supplement related to an unlisted Series of Notes will only be available for inspection by a holder of any such Notes and such holder must produce evidence satisfactory to the Issuer or the Trustee as to its holding of Notes and identity); and

   (g) a copy of this Offering Circular together with any supplement to this Offering Circular and any other documents incorporated herein or therein referenced.

5. **Financial Statements:** The Guarantor's Consolidated Financial Statements, which have been audited by PricewaterhouseCoopers, the Guarantor's independent auditor, as stated in their report appearing therein. The Guarantor's Consolidated Financial Statements have been included elsewhere in this Offering Circular.

6. **Listing:** Application has been made to the Hong Kong Stock Exchange for the listing of the Programme during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only. Notes to be listed on the Hong Kong Stock Exchange are required to be traded with a board lot size of at least HK$500,000 (or equivalent in other currencies).

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GUARANTOR AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GUARANTOR AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

Note:

The Independent Auditor's Reports on the consolidated financial statements of the Guarantor set out herein are reproduced from the Guarantor's consolidated financial statements as at and for the years ended 31 December 2021 and 2022, and page references included in the respective Independent Auditor's Reports refer to pages set out in such audited consolidated financial statements.

CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED
中国东方资产管理(国际)控股有限公司

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2022

CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED
中国东方资产管理(国际)控股有限公司

FOR THE YEAR ENDED 31 DECEMBER 2022

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中国东方资产管理(国际)控股有限公司

DIRECTORS' REPORT

The directors present their report with the audited consolidated financial statements for the year ended 31 December 2022.

Principal activities

The principal activities of the Company are provision of financing, investment and financial advisory services, asset management and investment holding. The activities of its principal subsidiaries are set out in note 36 to the consolidated financial statements.

Results

The results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2022 are set out in the consolidated statement of profit or loss and consolidated statement of comprehensive income on pages 8 and 9.

Dividends

The directors of the Company do not recommend the payment of a dividend for the year.

Business review

The Company is exempted from the preparation of a business review under the Hong Kong Companies Ordinance as it is a wholly owned subsidiary of another body corporate in the financial year.

Share capital

Details of the Company's share capital are set out in note 28 to the consolidated financial statements. There was no movement in the Company's share capital during the year.

Directors

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

Yan Andrew Y.
Ning Jing
Yang Zheng
Wang Letian
Zhou Jidong

There being no provision in the Company's Articles of Association for retirement by rotation, all directors continue in office.

DIRECTORS' REPORT (continued)

The names of directors who have served on the boards of the subsidiaries of the Company during the year and up to the date of this report are set out below:

Wang Wen Vivien	(resigned on 31 March 2022)
Wang Weiwei	
Li Lu	
Cao Yan	
Liu Jun	(resigned on 4 August 2022)
Li Rui	
James Michael Kattan	
Gonzalo Jalles	
Qin Renzhong	(resigned on 10 February 2023)
Wang Letian	
Li Xiaozhou	
Xu Yi	
Fan Qirui	
Zou Wenjing	
Qian Cheng	
Xia Yong	
Li Wenze	
Li Jun	
Cao Yue	
Zhang Tianran	
Zhou Jidong	
Zhang Juying	(resigned on 31 December 2022)
Lv Guoyan	
Ye Nan	
Gui Mingxing	
Chan Fat Tat	(appointed on 31 March 2022 and resigned on 10 March 2023)
Long Tianyu	(appointed on 27 December 2022)

Directors' interests in contracts of significance

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

Directors' interests in the shares and debentures of the Company

At no time during the year was the Company, its subsidiaries, its fellow subsidiaries, its parent company or its other associated corporations a party to any arrangement to enable the directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the company or its specified undertakings or other associated corporation.

Management contracts

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

Permitted indemnity provisions

At no time during the financial year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

Auditor

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

....
ZHOU Jidong
Director
Hong Kong, 17 April 2023

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED
中国东方资产管理(国际)控股有限公司
(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of China Orient Asset Management (International) Holding Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 8 to 109, comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

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

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 17 April 2023

CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED
中国东方资产管理(国际)控股有限公司

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 HK$'000	2021 HK$'000
Revenue	5	2,731,074	2,925,609
Other income	6	140,263	38,294
Other gains or losses	7	370,454	2,433,180
Impairment reversal/(losses), net	8	122,861	(741,682)
Administrative expenses	9	(350,663)	(232,163)
Staff costs	9	(190,436)	(185,893)
Finance costs	9	(2,178,914)	(2,279,529)
Share of results of associates and joint ventures	18	447,998	(478,417)
Share of losses/(profits) from third-party interests in consolidated investment funds		11,406	(8,700)
Profit before tax		1,104,043	1,470,699
Income tax expense	11	(661,492)	(584,582)
Profit for the year	9	442,551	886,117
Profit attributable to:			
Owners of the Company		362,207	801,539
Holders of perpetual capital securities		83,045	84,589
Non-controlling interests		(2,701)	(11)
		442,551	886,117

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED
中国东方资产管理(国际)控股有限公司

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 HK$'000	2021 HK$'000
Profit for the year	442,551	886,117
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(1,744,326)	182,387
Net changes in unrealised gain on financial assets at fair value through other comprehensive income	10,340	-
Items that will not be reclassified subsequently to profit or loss:		
Net changes in unrealised loss on financial assets at fair value through other comprehensive income	(16,251)	(287,694)
Other comprehensive loss for the year, net of tax	(1,750,237)	(105,307)
Total comprehensive (loss)/income for the year	(1,307,686)	780,810
Total comprehensive income attributable to:		
Owners of the Company	(1,388,030)	696,232
Holders of perpetual capital securities	83,045	84,589
Non-controlling interests	(2,701)	(11)
	(1,307,686)	780,810

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED
中国东方资产管理(国际)控股有限公司

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2022

	Notes	2022 HK$'000	2021 HK$'000
ASSETS			
Non-current assets			
Equipment	13	2,986	4,304
Investment properties	15	2,534,986	-
Right-of-use assets	16	60,579	105,782
Deferred tax assets	17	850,164	1,261,779
Other assets	14	2,018,018	1,393,169
Interests in associates and joint ventures	18	7,790,075	9,954,308
Financial assets at fair value through profit or loss	19	3,987,010	3,987,066
Financial assets at fair value through other comprehensive income	20	126,464	263,890
Loans, other receivables and prepaid expenses	21	7,244,542	7,048,314
		24,614,824	24,018,612
Current assets			
Loans, other receivables and prepaid expenses	21	17,731,477	22,700,787
Financial assets at fair value through profit or loss	19	23,738,780	24,637,992
Tax receivable		87,111	81,902
Restricted cash	22	-	254,871
Time deposits with maturity over three months	22	334,113	647,425
Cash and cash equivalents	22	5,533,542	8,203,182
		47,425,023	56,526,159
Assets classified as held for sale	23	13,714,435	-
Total assets		85,754,282	80,544,771

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED
中国东方资产管理(国际)控股有限公司

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2022

	Notes	2022 HK$'000	2021 HK$'000
LIABILITIES			
Non-current liabilities			
Financial liabilities at fair value through profit or loss	19	-	2,286,692
Third-party interests in consolidated investment funds	25	-	4,740
Borrowings	26	1,046,843	361,475
Bonds and notes payables	27	39,443,111	37,277,431
Lease liabilities	16	41,979	57,597
Deferred tax liabilities	17	394,586	367,798
		40,926,519	40,355,733
Current liabilities			
Other payables and accruals	24	5,924,176	4,497,156
Tax payable		1,530,806	1,512,703
Financial liabilities at fair value through profit or loss	19	1,981,095	1,503,653
Third-party interests in consolidated investment funds	25	39,177	105,484
Borrowings	26	11,794,543	13,113,144
Bonds and notes payables	27	3,117,626	5,879,459
Lease liabilities	16	22,236	50,626
		24,409,659	26,662,225
Liabilities associated with assets held for sale	23	10,038,560	-
Total liabilities		75,374,738	67,017,958
Net assets		10,379,544	13,526,813

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AT 31 DECEMBER 2022

	Notes	2022 HK$'000	2021 HK$'000
EQUITY			
Share capital	28	-	-
Reserves		10,020,741	11,408,771
Equity attributable to owners of the Company		10,020,741	11,408,771
Perpetual capital securities	29	-	1,883,800
Non-controlling interests		358,803	234,242
Total equity		10,379,544	13,526,813

The consolidated financial statements on pages 8 to 109 were approved and authorised for issue by the board of directors on 17 April 2023 and were signed on its behalf by:

ZHOU Jidong
Director

WANG Letian
Director

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED
中国东方资产管理(国际)控股有限公司

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Attributable to owners of the Company						
	Share capital HK$'000	Other reserves HK$'000 (Note 37)	Retained earnings HK$'000	Sub-total HK$'000	Holders of perpetual capital securities HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2021	-	(519,988)	11,232,527	10,712,539	1,866,724	234,253	12,813,516
Profit for the year	-	-	801,539	801,539	84,589	(11)	886,117
Other comprehensive income	-	(105,307)	-	(105,307)	-	-	(105,307)
Total comprehensive income	-	(105,307)	801,539	696,232	84,589	(11)	780,810
Transfer of loss of disposal of investments at fair value through other comprehensive income to retained earnings	-	399,654	(399,654)	-	-	-	-
Dividends paid to holders of perpetual capital securities	-	-	-	-	(67,513)	-	(67,513)
Balance at 31 December 2021 and 1 January 2022	-	(225,641)	11,634,412	11,408,771	1,883,800	234,242	13,526,813
Profit for the year	-	-	362,207	362,207	83,045	(2,701)	442,551
Other comprehensive income	-	(1,750,237)	-	(1,750,237)	-	-	(1,750,237)
Total comprehensive income	-	(1,750,237)	362,207	(1,388,030)	83,045	(2,701)	(1,307,686)
Redemption from holders of perpetual capital securities	-	-	-	-	(1,966,845)	-	(1,966,845)
Acquisition of subsidiaries	-	-	-	-	-	127,262	127,262
Balance at 31 December 2022	-	(1,975,878)	11,996,619	10,020,741	-	358,803	10,379,544

CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED
中国东方资产管理(国际)控股有限公司

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 HK$'000	2021 HK$'000
Cash flows from operating activities		
Profit before tax	1,104,043	1,470,699
Adjustments for:		
Depreciation of equipment	3,161	5,080
Depreciation of investment properties	63,294	-
Depreciation of right-of-use assets	48,643	50,878
Finance costs	2,178,914	2,279,529
Net impairment allowances on financial assets	(122,861)	741,682
Share of results of associates and joint ventures	(447,998)	478,417
Share of (loss)/profits from third-party interests in consolidated investment funds	(11,406)	8,700
Fair value changes from investment in an associate measured at FVPL	1,955,599	(2,257,867)
Gain on disposals of subsidiaries	-	(279,729)
Gain on repurchase of bonds issued	(73,095)	-
Gain on reversal of other receivables discounted	(788,477)	-
Gain on reversal of other payables	(174,317)	-
Net unrealised (gains)/losses on financial assets and liabilities at fair value through profit or loss	(1,022,198)	1,587,363
Unrealised exchange difference	(263,263)	(110,763)
Operating cash flows before movements in working capital	2,450,039	3,973,989
Decrease/(increase) in loans, other receivables and prepaid expenses	4,374,536	(4,375,445)
Decrease in financial assets at fair value through profit or loss	232,090	5,673,620
Decrease/(increase) in restricted cash	254,871	(254,871)
Decrease/(increase) in time deposits with maturity over three months	313,312	(647,425)
Increase in financial liabilities at fair value through profit or loss	-	975,393
Decrease in other payables and accruals	(1,485,606)	(721,559)
Cash generated from operations	6,139,242	4,623,702
Income taxes paid	(209,797)	(653,198)
Net cash inflow from operating activities	5,929,445	3,970,504

CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED
中国东方资产管理(国际)控股有限公司

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 HK$'000	2021 HK$'000
Cash flows from investing activities			
Purchases of equipment	13	(1,837)	(578)
Purchase of investment properties		(2,830,370)	-
Disposals of equipment		32	19
Cash used in acquisition of subsidiaries		(77,960)	-
Proceeds from disposal of subsidiaries	30	-	566,575
Acquisitions of/capital injections in joint ventures and associates		(637,692)	(84,763)
Returns of capital from/dividends received from associates and joint ventures		603,266	1,281,357
Payments for financial assets at fair value through other comprehensive income		(20,964)	(644,955)
Disposal of financial assets at fair value through other comprehensive income		35,343	190,417
Net cash inflow from investing activities		(2,930,182)	1,308,072
Cash flows from financing activities			
Finance costs paid	35(a)	(2,313,966)	(2,083,496)
(Decrease)/increase in payables to ultimate holding company, immediate holding company and related parties	35(a)	(46,701)	381,463
Dividends paid to holders of perpetual capital securities		(1,966,845)	(67,513)
New borrowings raised	35(a)	15,380,552	15,992,820
Net proceeds from issuances of bonds and notes payables	35(a)	6,125,404	980,272
Repayments of bonds and notes payables	35(a)	(5,783,774)	(5,546,293)
Repayments of borrowings	35(a)	(16,569,972)	(13,348,255)
Repayments of lease liabilities	35(a)	(53,918)	(56,149)
(Repayment)/capital injection from third-party interests in consolidated investment funds	35(a)	(58,448)	4,680
Net cash outflow from financing activities		(5,287,668)	(3,742,471)
Net (decrease)/increase in cash and cash equivalents		(2,288,405)	1,536,105
Cash and cash equivalents at the beginning of the financial year		8,203,182	6,611,117
Effects of exchange rate changes on cash and cash equivalents		(381,235)	55,960
Cash and cash equivalents at the end of the financial year		5,533,542	8,203,182

The above consolidated statement of cash flows should be read in conjunction with the accompany notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

China Orient Asset Management (International) Holding Limited (the "Company") and its subsidiaries (together "the Group") provides financing, investment and financial advisory services, manages asset and holds investment.

The Company is a limited liability company incorporated in Hong Kong. The Company's immediate holding company is Dong Yin Development (Holdings) Limited, a limited liability company incorporated in Hong Kong. The Company's ultimate holding company is China Orient Asset Management Co., Ltd. ("COAMC"), a company registered in the People's Republic of China (the "PRC") and formed under the authorisation of the State Council and the People's Bank of China. The Company's registered office and principal place of business are located at 36/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

These financial statements are presented in HK dollars (HK$) and all values are rounded to the nearest thousand, unless otherwise stated.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") and requirements of the Hong Kong Companies Ordinance ("HKCO") Cap. 622.

(b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) – measured at fair value.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	COVID-19-related Rent Concessions
Revised Accounting Guideline	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations (AG 5)
Amendments to annual improvements project	Annual Improvements to HKFRS Standards 2018–2020

The adoption of the above amended standards has had no significant financial effect on the consolidated financial statements.

There are no new standards and amendments to standards that are effective for the first time for this period that could be expected to have a material impact on the Company.

(d) New standards and interpretations not yet adopted

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning on or after 1 January 2023 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17 (Amendments)	Amendments to HKFRS 17	1 January 2023
HKFRS 17 (Amendments)	Initial Application of HKFRS 17 and HKFRS 9—Comparative Information	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants (amendments)	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)	1 January 2024
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020))	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

The Directors of the Group are in the process of assessing the financial impact of the adoption of the above new standards and amendments to standards. The Directors of the Group will adopt the new standards and amendments to standards when they become effective.

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 2.3).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are generally accounted for using the equity method of accounting (see (d) below), after initially being recognised at cost. However, HKAS 28 “Investment in associates and joint ventures” provides exemptions from applying the equity method when the investment in the associate or joint venture is held by, or is held indirectly through, venture capital organisations, or mutual funds, unit trusts and similar entities including investment-linked insurance funds. Those investments in associates and joint ventures may be measured at fair value through profit or loss in accordance with HKFRS 9 Financial Instruments.

2 Summary of significant accounting policies (continued)

2.2 Principles of consolidation and equity accounting (continued)

(c) Joint arrangements

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Interests in joint ventures are accounted for using the equity method (see (d) below), after initially being recognised at cost in the consolidated statement of financial position.

(d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.9.

2 Summary of significant accounting policies (continued)

2.2 Principles of consolidation and equity accounting (continued)

(e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of China Orient Asset Management (International) Holding Limited.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable HKFRSs.

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

2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

2 Summary of significant accounting policies (continued)

2.3 Business combinations (continued)

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

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

2.4 Separate financial statements

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

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

2 Summary of significant accounting policies (continued)

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Hong Kong dollar (HK$), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

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

Foreign exchange gains or losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains or losses are presented in the statement of profit or loss on a net basis within other gains or losses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

2 Summary of significant accounting policies (continued)

2.5 Foreign currency translation (continued)

(c) Group companies

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

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

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(d) Disposal of foreign operation and partial disposal

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

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

2 Summary of significant accounting policies (continued)

2.6 Equipment

All equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Furniture, fittings and equipment	3-5 years or over the lease term, whichever is shorter
Vehicles	5-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.9).

Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of profit or loss.

2 Summary of significant accounting policies (continued)

2.7 Investment properties

The property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the entities in the Group, is classified as "investment property".

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at depreciated cost less accumulated impairment.

Depreciation of investment properties is calculated using the straight-line method to allocate cost to their residual value over their estimated useful lives of 32 to 35 years.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated statement of profit or loss during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its carrying amount at the date of reclassification becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, the transfer does not change the carrying amount of the property transferred, nor does it change the cost of that property for measurement or disclosure purposes.

2 Summary of significant accounting policies (continued)

2.8 Foreclosed assets

Foreclosed assets are initially recognised at fair value and subsequently measured at the lower of their carrying amount and fair value, less costs to sell, at the end of each reporting period. When the fair value, less costs to sell, is lower than a foreclosed asset's carrying amount, an impairment loss is recognised in consolidated statement of profit or loss.

Any gain or loss arising on the disposal of the foreclosed asset is included in the consolidated statement of profit or loss in the period in which the item is disposed.

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

2.9 Impairment of non-financial assets

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2 Summary of significant accounting policies (continued)

2.10 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal Group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

2 Summary of significant accounting policies (continued)

2.11 Financial instruments

(a) Initial recognition, classification and measurement of financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

(1) Financial assets

Financial assets are classified in the following measurement categories based on the Group's business model for managing the asset and the cash flow characteristics of the assets:

(i) Amortised cost ("AC");
(ii) Fair value through other comprehensive income ("FVOCI"); or
(iii) Fair value through profit or loss ("FVPL").

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

2 Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

(a) Initial recognition, classification and measurement of financial instruments (continued)

(1) Financial assets (continued)

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

Debt Instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds. Classification and measurement of debt instruments depend on the Group's business models for managing the asset and the cash flow characteristics of the asset.

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

(i) AC: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVPL, are measured at amortised cost.

(ii) FVOCI: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVPL, are measured at FVOCI.

(iii) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL.

The Group may also irrevocably designate financial assets at FVPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

Equity instruments

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

The Group subsequently measures all equity investments at FVPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI.

2 Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

(a) Initial recognition, classification and measurement of financial instruments (continued)

(2) Financial liabilities

The Group's financial liabilities are classified into financial liabilities at FVPL and other financial liabilities carried at amortised cost on initial recognition. Financial liabilities at FVPL is applied to derivatives, financial liabilities held for trading and financial liabilities designated as such at initial recognition.

The Group may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss when doing so results in more relevant information, because either:

(i) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

(ii) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the entity's key management personnel.

(iii) the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required.

Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expenses incurred on the financial liability.

(b) Reclassification of financial assets

When the Group changes the business model for managing its financial assets, it shall reclassify all affected financial assets, and apply the reclassification prospectively from the reclassification date. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest. Reclassification date is the first day of the first reporting period following the change in business model that results in the Group reclassifying financial assets.

2 Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

(c) Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices. This includes listed equity securities and quoted debt instruments on major exchanges.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For financial instruments not traded in active markets, fair value is determined using appropriate valuation techniques. Valuation techniques include the use of discounted cash flow analysis, and others commonly used by market participants. These valuation techniques include the use of observable and/or unobservable inputs.

(d) Subsequent measurement of financial instruments

Subsequent measurement of financial instruments depends on the categories:

(1) Amortised costs

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition: (i) minus the principal repayments; (ii) plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount; (iii) for financial assets, adjusted for any loss allowance. Interest income and interest expenses from these financial assets is included in "Revenue" and "Finance costs" using the effective interest rate method.

2 Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

(d) Subsequent measurement of financial instruments (continued)

(1) Amortised costs (continued)

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses ("ECL") and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate. For purchased or originated credit impaired ("POCI") financial assets, the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets and is included in "Revenue", except for:

(i) POCI financial assets, whose interest income is calculated, since initial recognition, by applying the credit-adjusted effective interest rate to their amortised cost; and

(ii) financial assets that are not POCI but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision). If, in a subsequent period, the financial assets improve their qualities so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their gross carrying amount.

(2) Fair value through other comprehensive income

Equity instruments

The equity instrument investments that are not held for trading are designated as FVOCI. When this election is used, fair value gains or losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as investment income when the Group's right to receive payments is established.

(3) Financial assets at fair value through profit or loss

Debt instruments

A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented in the consolidated statement of profit or loss within "Other gains/(losses)" in the period in which it arises.

2 Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

(d) Subsequent measurement of financial instruments (continued)

(3) Financial assets at fair value through profit or loss (continued)

Equity instruments

Gains or losses on equity investments at FVPL are included in the "Other gains or losses" in the consolidated statement of profit or loss.

(4) Financial liabilities at fair value through profit or loss

Financial liabilities at FVPL are measured at fair value with all gains or losses recognised in the profit or loss of the current period, except for financial liabilities designated as at fair value through profit or loss, where gains or losses on the financial liabilities are treated as follows:

(i) changes in fair value of such financial liabilities due to changes in the Group's own credit risk are recognised in other comprehensive income; and;

(ii) other changes in fair value of such financial liabilities are recognised in profit or loss of the current period. If the accounting of changes in the credit risk of the financial liabilities in accordance with (i) will create or enlarge accounting mismatches in profit or loss, the Group recognises all gains or losses on such financial liabilities (including amounts arising from changes in its own credit risk) in the profit or loss of the current period.

When the liabilities designated as at fair value through profit or loss is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to retained earnings.

(e) Impairment of financial instruments

The Group assesses on a forward-looking basis the ECL associated with its loans receivable carried at amortised cost.

ECL is the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, which are all cash shortfalls, discounted at the original effective interest rates (or credit-adjusted effective interest rate for POCI financial assets).

The Group measures ECL of a financial instrument reflects:

(i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(ii) the time value of money; and
(iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2 Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

(e) Impairment of financial instruments (continued)

For financial instruments whose impairment losses are measured using the ECL models, the Group assesses whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognise their ECL, as follows:

Stage I: If the credit risk has not increased significantly since its initial recognition, the financial asset is included in stage I.

Stage II: If the credit risk has increased significantly since its initial recognition but is not yet deemed to be credit-impaired, the financial instrument is moved to Stage II. The description of how the Group determines when a significant increase in credit risk has occurred is disclosed in Note 3.

Stage III: If the financial instrument is credit-impaired, the financial instrument is then moved to Stage III. The definition of credit-impaired financial assets is disclosed in Note 3.

Financial instruments in Stage I have their ECL measured at an amount equivalent to the ECL of the financial asset for the next 12 months ("12m ECL"). Financial instruments in Stage II or Stage III have their ECL measured at an amount equivalent to the ECL over the lifetime of the financial instruments ("Lifetime ECL"). The description of inputs, assumptions and estimation techniques used in measuring the ECL is disclosed in Note 3.

(f) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether the new terms are substantially different to the original terms.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate.

2 Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

(g) Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and, where applicable, the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the consolidated statement of profit or loss.

Financial liabilities are derecognised when the related obligation is discharged, is cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of profit or loss.

(h) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

A financial instrument is an equity instrument if, and only if, both conditions (i) and (ii) below are met:

(i) The financial instrument includes no contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; and

(ii) If the financial instrument will or may be settled in the Group's own equity instruments, it is a non-derivative instrument that includes no contractual obligations for the Group to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Equity instruments issued by the Group are recorded at the fair value of proceeds received, net of direct issuance expenses.

2 Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

(i) Derivative financial instruments which do not qualify for hedge accounting

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of the reporting period. The method of recognising the resulting gains or losses depends on whether the derivative is designated and qualified as a hedging instrument, and if so, the nature of the item being hedged. Since the derivative financial instruments entered into by the Group do not qualify for hedge accounting, changes in fair value of any derivative financial instruments are recognised immediately in the consolidated statement of profit or loss.

Certain derivatives are embedded in hybrid contracts, such as the conversion option in a convertible bond. If the hybrid contract contains a host that is a financial asset, then the Group assesses the entire contract as described in the financial assets section above for classification and measurement purposes. Otherwise, the embedded derivatives are treated as separate derivatives when:

(1) Their economic characteristics and risks are not closely related to those of the host contract;

(2) A separate instrument with the same terms would meet the definition of a derivative; and

(3) The hybrid contract is not measured at fair value through profit or loss.

These embedded derivatives are separately accounted for at fair value, with changes in fair value recognized in the statement of profit or loss unless the Group chooses to designate the hybrid contracts at fair value through profit or loss.

2 Summary of significant accounting policies (continued)

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

2.15 Borrowings

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

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

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of profit or loss as other income or finance costs.

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

2 Summary of significant accounting policies (continued)

2.16 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed in the period in which they are incurred.

2.17 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

2 Summary of significant accounting policies (continued)

2.17 Current and deferred income tax (continued)

Deferred income tax (contineud)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.18 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

2 Summary of significant accounting policies (continued)

2.18 Employee benefits (contined)

(b) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(c) Pension obligations

Employees of the Group in Hong Kong are required to participate in a defined contribution scheme as defined in mandatory provident fund scheme (“MPF Scheme”). The assets of the MPF Scheme are held separately from those of the Group under independently administered funds. Contributions to the schemes by the employers and employees are calculated as a percentage of employees’ basic salaries. Under the MPF Scheme, each of the company (the employer) and its employees make monthly contributions to the scheme at 5% of the employees’ earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the employer and the employees are subject to a cap of HK$1,500 and thereafter contributions are voluntary. The Group has no further obligations for the actual payment of post-retirement benefits beyond the contributions.

Employees of the Group in the PRC are required to participate in defined contribution retirement schemes administered and operated by municipal governments. The Group’s subsidiaries in the PRC contribute funds to the retirement scheme to fund the retirement benefits of the employees which are calculated on certain percentage of the average employee salary as agreed by the municipal government. Such retirement schemes are responsible for the entire post-retirement benefit obligations payable to the retired employees. The Group has no further obligations for the actual payment of post-retirement benefits beyond the contributions.

2 Summary of significant accounting policies (continued)

2.18 Employee benefits (continued)

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when the Group is demonstrably committed to either: (a) terminate the employment of an employee or Group of employees before the normal retirement date; or (b) provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

2.19 Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.20 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

2 Summary of significant accounting policies (continued)

2.20 Leases (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

2 Summary of significant accounting policies (continued)

2.20 Leases (continued)

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

2 Summary of significant accounting policies (continued)

2.21 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors where appropriate.

2.23 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in profit or loss as interest income in the revenue.

Interest income is presented as "other income" where it is earned from financial assets that are held for cash management purposes.

3 Financial risk management

Financial risk management objectives and policies

The Group's major financial instruments include loans and other receivables, financial assets and liabilities at FVPL, financial assets at FVOCI, cash and cash equivalents, other payables, third-party interests in consolidated investment funds, borrowings, bonds and notes payables and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in economic environment.

The Group's activities expose it primarily to the market risk of changes in interest rate, foreign currency and other prices.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk mainly arises from its bank deposits. At 31 December 2022, the Group's bank balances were HK$5,867,655,000 (2021: HK$9,105,478,000). A change in interest rate levels within the range foreseen by the directors for the next twelve months could have an impact on the Group.

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk (continued)

In the opinion of the management of the Group, the Group is exposed to fair value interest rate risk as loans receivables, borrowings and bonds, notes payables and debt instrument measured at FVPL are carried at fixed interest rates in the current period. The reasonable possible shift of market interest rate will impact to the expected returns and expenses. The interest rate risk to these financial assets and liabilities are considered to be significant.

The Group currently does not have a fair value hedging policy. The management of the Group monitors the related interest exposures closely to ensure the interest rate risks are maintained at an acceptable level.

As observable prices are available for debt securities and underlying investments of convertible debt securities and total return swap contracts, no sensitivity analysis has been presented solely for fair value interest rate risk. Instead, they are covered in the sensitivity analysis of price risk.

The fair values of collateralised loan obligations ("CLOs") are sensitive to interest rate levels and volatility. Although CLOs are structured to have interest rate risk hedged to some degree through the use of matched funding, there may be some difference between the timing of interest rate resets on the liabilities and assets of a CLO, which could have a negative effect on the amount of funds distributed to residual tranche holders. Furthermore, in the event of a significant rising interest rate environment and/or economic downturn, loan defaults may increase and result in credit losses that may be expected to affect the Group's cash flow, fair value of its assets and operating results adversely.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for interest-bearing financial assets and liabilities at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 25 basis point (2021: 25 basis point) increase or decrease represents management's assessment of the reasonably possible changes in interest rates.

If interest rates had been 25 basis points higher and all other variables were held constant, the potential effect on the Group's post-tax profit for the year is approximately as follows:

	2022 HK$'000	2021 HK$'000
Decrease in post-tax profit for the year	23,999	33,289

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk (continued)

If interest rate had been 25 basis points lower and all other variables were held constant, there would be an equal and opposite impact on the Group's post-tax profit for the year.

In the opinion of the management of the Group, the sensitivity analysis is representative of the interest rate risk if the year-end exposure is assumed to reflect the exposure during the year.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates.

The Group entities have financial assets and liabilities denominated in currencies other than their respective functional currencies. Consequently, the Group is exposed to risks that the exchange rates of functional currencies relative to other currencies may change in a manner that have adverse effects on the values of the positions of the Group's financial instruments denominated in foreign currencies.

The major financial assets and liabilities of the Group that are denominated in currencies other than the functional currencies of the respective Group entities include loans and other receivables, financial assets at FVPL, financial assets at FVOCI, cash and cash equivalents, bonds and notes payables, other payables and lease liabilities. In addition, the Group has intra-Group balances with certain subsidiaries denominated in foreign currencies which also expose the Group to currency risk. Other than the items stated above, the management of the Group considers that the Group's exposure to foreign currency risk is insignificant as the majority of the Group's transactions are denominated in the functional currencies of each individual Group entity.

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposures and will consider hedging significant foreign exchange exposure should the need arise.

Sensitivity analysis

The management of the Group does not expect significant foreign currency risk arising from the exchange rate fluctuations between HK$ and US$ in view of the HK$ pegged system to the US$. Accordingly, no sensitivity analysis has been prepared for US$ denominated monetary items.

The table below indicates the potential effect on post-tax profit and other comprehensive income arising from a 5% appreciation or depreciation of RMB spot and forward foreign exchange rates against HKD on the net positions of foreign currency monetary assets and liabilities and derivative instruments in the consolidated statement of financial position.

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

Sensitivity analysis (continued)

	2022 HK$'000	2021 HK$'000
Post-tax profit for the year		
- RMB	223,463	110,640
Impact on other components of equity		
- RMB	413,164	522,603

The effect on profit after tax and other comprehensive income is calculated based on the assumption that the Group's foreign currency sensitive exposures and foreign currency derivative instruments net position at the end of each reporting period remain unchanged. The Group mitigates its foreign exchange rate risk through active management of its foreign currency exposures. Such analysis does not take into account the correlation effect of changes in different foreign currencies, nor any further actions that could be taken by management to mitigate the effect of foreign exchange differences. Therefore, the sensitivity analysis above may differ from actual results occurring through changes in foreign exchange rates.

Other price risk

The Group is exposed to other price risks through its investments in equities and debt securities, convertible debt securities, total return swap contracts, short-selling of equity securities measured at FVPL and financial assets at FVOCI. Management of the Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a business team to monitor the price changes and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to price changes at the reporting date. If the prices of respective investments had been 10% higher/lower for listed equity securities and 5% higher/lower for other investments, assuming all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2022 would increase/decrease by approximately HK$1,099,943,000 (2021: HK$922,266,000); and the Group's fair value reserve for the year ended 31 December 2022 would increase/decrease by approximately HK$9,182,000 (2021: HK$12,460,000).

In the opinion of management of the Group, the sensitivity analysis is representative of the price risk if the year end exposure is assumed to reflect the exposure during the year.

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Credit risk

Credit risk represents the potential loss that may arise from a customer or counterparty's failure to meet its obligations when due. The Group's major credit risks arise from its loans and receivables.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity and where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

Measurement of ECL

The Group applies the ECL model to calculate loss allowances for its financial instruments carried at amortised cost and debt instruments measured at FVOCI .

Methods applied by the Group in assessing the expected credit losses of its financial assets include ECL model based on risk parameters and the discounted cash flow ("DCF") model.

The Group assesses ECL in light of forward-looking information and uses models and assumptions in calculating the expected credit losses. These models and assumptions relate to the future macroeconomic conditions and the borrowers' creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). In assessing the expected credit risks in accordance with accounting standards, the Group uses the judgments, assumptions and estimates where appropriate, including:

- Parameters for measuring ECL
- Criteria for significant increase in credit risk and default definition
- Definition of credit-impaired financial asset
- Forward-looking information
- Estimation of future cash flows

Parameters for measuring ECL

According to whether there is a significant increase in credit risk and whether a financial asset has become credit-impaired, the Group recognises an impairment allowance based on the expected credit loss for the next 12 months or the entire lifetime of the financial asset. The key parameters of ECL measurement include probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"). The Group establishes its PD model, LGD model and EAD model based on the internal rating based system as currently used for its risk management purpose, in accordance with the requirements of HKFRS 9 and forward-looking information. In 2022, management of the Group has taken into account the current economic environment and market forecasts in coming years, the influence of the coronavirus pandemic situation and loss pattern during the historical crisis. Management has also made reference to the economic forecasts by the government and other credit agencies.

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

Parameters for measuring ECL (continued)

The parameters are defined as follows:

- PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months ("12m PD"), or over the remaining lifetime ("Lifetime PD") of the obligation;
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months ("12m EAD").
- LGD represents the Group's expectation of the extent of loss on defaulted exposure. LGD is expressed as a percentage loss per unit of exposure at the time of default ("EAD"). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if default occurs over the remaining expected lifetime of the loan.

Criteria for significant increase in credit risk ("SICR") and default definition

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. For the purpose of staging assessment of its financial assets, the Group thoroughly considers various reasonable and supportable information that may reflect whether or not there has been a significant change in their credit risk, including forward-looking information. Key factors considered include:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments on the balance sheet date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group sets quantitative and qualitative criteria to determine whether or not the credit risk of a financial instrument has increased significantly since its initial recognition. The criteria include changes in the borrower's PD, changes in its credit risk classification and other factors. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due. The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

Criteria for significant increase in credit risk ("SICR") and default definition (continued)

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. The Group recognises a financial instrument as having low credit risk if its internal rating is consistent with the globally accepted definition for low credit risk.

The definition of default refers to the failure to pay the debt as agreed in the contract, or other violations of the debt contract and have a significant impact on the normal debt repayment. For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due.

Definition of credit-impaired financial asset

The criteria adopted by the Group to determine whether a credit impairment occurs under HKFRS 9 is consistent with the internal credit risk management objectives for relevant financial instrument, in addition to consideration of quantitative and qualitative indicators. In assessing whether a borrower has become credit-impaired, the Group mainly considers the following factors:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event in relation to interest or principal payment;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties;
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;
- The borrower is overdue for more than 90 days in any principal, advances, interest due to the Group.

The credit impairment of a financial asset may be caused by the combined effect of multiple events rather than any single discrete event.

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

Forward-looking information

The assessment of whether or not there has been a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL of various portfolio. External information includes economic data such as the cumulative growth rate of Gross Domestic Product ("GDP"), Consumer Price Index ("CPI"), and fixed assets investment – cumulative year on year ("FV_INV").

The impact of these economic indicators on the PDs and the LGDs varies from one portfolio to another. The Group comprehensively considers internal and external data, expert forecasts and statistical analyses to determine the correlation between these economic indicators and the PDs and LGDs. The Group assess and forecasts these economic indicators at least on an annual basis, calculates the best estimates for the future, and regularly reviews and assesses results.

For debt investments, the Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The Group has concentration of credit risk towards its loans receivables, receivables from immediate holding company and other related parties, other receivables, deposits with brokers, debt securities and convertible debt securities entered into by the Group. The credit risk on bank balances and wealth management products is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group divides its loan portfolio into five categories including "pass", "special mentioned", "substandard", "doubtful" and "loss", based on the credit quality of the portfolio with reference to the regulator's guidelines and alignment with the regulation of parent company COAMC. Management will assess the debtors' repayment capacity to assign the credit rating on a regular basis.

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

The estimated loss rates for each class of financial assets are estimated based on historical observed default rates over the expected life of the respective class of financial assets and are adjusted for forward-looking information that is available without undue cost or effort. The internal credit rating for individual financial assets is regularly reviewed by the management to ensure relevant information about specific financial assets is updated. The Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of loan receivables at the end of each reporting period to ensure that adequate impairment provision for losses are made for expected credit losses. In this regard, the Group considers that the Group's credit risk is significantly reduced.

Bank balances and deposits with financial institutions are placed with various authorised institutions. Accordingly, the Group considers the credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group has concentration of credit risk on receivables from immediate holding company and other related parties. The Group considers the credit risk on these receivables is not significant after assessing holding company and other related parties' financial background and creditability.

The Group invested in debt securities, convertible debt securities and total return swap contracts. The credit risk of these instruments are monitored by the Group regularly. The fair value of certain convertible debt securities and the total return swap were estimated by independent professional valuers.

The Group also invested in CLO equity tranches which are subject to potential non-payment risk. The Group will be in a first loss position with respect to realised losses on the collateral in each CLO investment. The directors of the Company seek to provide diversification in terms of underlying assets' geography and CLO managers. The maximum loss that the Group can incur on CLOs is limited to the fair value of these CLOs as disclosed in Note 18. The underlying loans are made up of a variety of credit ratings including investment grade, non-investment grade and junk status.

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

The tables below detail the credit risk exposures of the Group's financial assets at amortised cost which are subject to ECL assessment:

	12m or lifetime ECL	2022 Gross carrying amount HK$'000	2022 Net carrying amount HK$'000	2021 Gross carrying amount HK$'000	2021 Net carrying amount HK$'000
Loan receivables	12m ECL (note 1)	9,025,813	8,527,931	12,576,322	11,425,309
	Lifetime ECL (not credit-impaired) (note 1)	1,387,749	1,323,190	3,911,394	3,669,122
	Lifetime ECL (credit-impaired)	13,629,858	8,664,797	9,721,904	4,724,384
Interest receivables	12m ECL (Note 1)	117,900	117,900	343,929	343,929
Dividend receivables	12m ECL (Note 2)	38	38	550	550
Receivables from immediate holding company	12m ECL (Note 3)	2,790,413	2,790,413	2,702,175	2,702,175
Receivables from related parties	12m ECL (Note 3)	98,902	98,902	335,190	335,190
Deposits with brokers and broker receivables	12m ECL (Note 4)	984,222	984,222	2,267,540	2,267,540
Bank balances	12m ECL (Note 5)	5,867,655	5,867,655	9,105,478	9,105,478
Other receivables	12m ECL (Note 6)	1,171,569	1,149,207	4,514,913	4,098,344
	Lifetime ECL (credit-impaired)	1,891,906	1,276,331	338,956	165,519

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

Notes:

1 The ECL of the loan and interest receivables of stage I and stage II are assessed by reference to the probability of default ("PD") and loss given default ("LGD") for the relevant internal credit rating assessments made by the Group and adjusted for forward-looking factors that are available without undue cost or effort.

2 There is no concentration of credit risk with respect to dividend receivables. The ECL allowance is immaterial.

3 For receivables from the immediate holding company and related parties, the credit risk is limited since majorities of counterparties are subsidiaries of COAMC, which is the ultimate holding company of the Group. COAMC is a state-owned large-scale non-banking financial institution jointly established by the MOF and the National Council for Social Security Fund. The ECL allowance is immaterial.

4 Deposits with brokers and broker receivables were mainly from reputable large brokers and financial institutions with the credit rating of A issued by Standard & Poor's. They have a low risk of default and there is no significant increase in credit risk since initial recognition. Accordingly, they are subject to 12m ECL. The ECL of these balances is assessed by reference to the PD and LGD for the relevant credit-rating grades published by international credit rating agencies, and adjusted for forward-looking factors that are available without undue cost or effort. The ECL allowance is immaterial.

5 The credit risk on bank balances and bank deposits is limited because the counterparties are major institutional banks with credit ratings of Baa or higher assigned by international credit-rating agencies. These institutional banks have a low risk of default and there is no significant increase in credit risk since initial recognition. Accordingly, they are subject to 12-month ECL. The ECL of the bank balances is assessed by reference to the PD and LGD for the relevant credit rating grades published by international credit rating agencies, and adjusted for forward-looking factors that are available without undue cost or effort. The ECL allowance is immaterial.

6 In respect of other receivables, the Group assesses the credit profile of each individual debtor by analysing many factors that influence the default probability, including (but not limited to) the counterparty's historical repayment pattern, business prospects and management, macroeconomic development, industrial and sovereign risk, and historical performance. In determining the ECL for other receivables at amortised cost, the Group has made reference to the PD and LGD together with forward-looking factors as appropriate, on an individual basis to assess whether credit risk has increased significantly since initial recognition.

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

The following table shows the reconciliation of loss allowances that have been recognised for loan receivables.

	Stage I HK$'000	Stage II HK$'000	Stage III HK$'000	Total HK$'000
As at 1 January 2021	337,907	888,885	6,335,175	7,561,967
Changes due to financial instruments recognised as at 1 January 2021:				
- Transfer to Stage I	610,618	(610,618)	-	-
- Transfer to Stage II	(65,607)	65,607	-	-
- Transfer to Stage III	-	(62,999)	62,999	-
- Impairment losses recognised	421,896	95,272	1,422,500	1,939,668
- Impairment losses reversed	(203,371)	(138,564)	(1,438,385)	(1,780,320)
- Unwinding of discount	-	-	552,631	552,631
New financial assets originated or purchased	48,061	-	-	48,061
Written-off	-	-	(1,979,020)	(1,979,020)
Exchange realignment	1,509	4,689	41,620	47,818
As at 31 December 2021 and 1 January 2022	1,151,013	242,272	4,997,520	6,390,805
Changes due to financial instruments recognised as at 1 January 2022:				
- Transfer to Stage I	-	-	-	-
- Transfer to Stage II	(92,000)	92,000	-	-
- Transfer to Stage III	(71,156)	(146,793)	217,949	-
- Impairment losses recognised	31,534	-	1,390,034	1,421,568
- Impairment losses reversed	(528,661)	(115,379)	(1,304,682)	(1,948,722)
- Unwinding of discount	-	-	319,565	319,565
New financial assets originated or purchased	6,187	-	240,543	246,730
Written-off	-	(11,031)	(875,304)	(886,335)
Exchange realignment	965	3,490	(20,564)	(16,109)
As at 31 December 2022	497,882	64,559	4,965,061	5,527,502

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

The following table shows the reconciliation of loss allowances that have been recognised for other receivables.

	Stage I HK$'000	Stage III HK$'000	Total HK$'000
As at 1 January 2021	373	537,271	537,644
New financial assets originated or purchased	123,988	70,937	194,925
Impairment losses recognised	292,342	-	292,342
Impairment losses reversed	(147)	-	(147)
Written-off	-	(434,770)	(434,770)
Exchange realignment	12	-	12
As at 31 December 2021 and 1 January 2022	416,568	173,438	590,006
Transfer between Stage I and Stage III	(274,589)	274,589	-
Impairment losses recognised	217	173,652	173,869
Impairment losses reversed	(128,875)	(4,104)	(132,979)
Exchange realignment	9,041	-	9,041
As at 31 December 2022	22,362	615,575	639,937

The loss allowance for debt investments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI. The loss allowance for debt investments at FVOCI as at 31 December reconciles to the opening loss allowance as follows:

	HK$'000
As at 1 January 2021	-
Increase in loan loss allowance recognised in profit or loss during the year	47,153
As at 31 December 2021 and 1 January 2022	47,153
Increase in loan loss allowance recognised in profit or loss during the year	116,673
As at 31 December 2022	163,826

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities. To manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of borrowings and ensures compliance with loan covenants.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which the Group can be required to pay.

Analysis of the undiscounted contractual cash flows

The tables below present the undiscounted cash flows of financial liabilities by remaining contractual maturities at the end of each reporting period. The Group's derivatives will be settled on net basis.

Liquidity tables

	On demand or less than 1 year HK$'000	1 year to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 December HK$'000
2022					
Other payables	5,850,255	-	-	5,850,255	5,850,255
Financial liabilities at FVPL	1,486,517	-	-	1,486,517	1,486,517
Third-party interests in consolidated investment funds	39,177	-	-	39,177	39,177
Borrowings	11,973,117	962,745	180,900	13,116,762	12,841,386
Bonds and notes payables	5,711,008	54,194,270	9,109,620	69,014,898	42,560,737
Lease liabilities	22,992	32,724	15,913	71,629	64,215
Derivatives	494,578	-	-	494,578	494,578
	25,577,644	55,189,739	9,306,433	90,073,816	63,336,865

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	On demand or less than 1 year HK$'000	1 year to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 December HK$'000
2021					
Other payables	4,399,252	-	-	4,399,252	4,399,252
Financial liabilities at FVPL	1,543,391	39,738	-	1,583,129	1,543,391
Third-party interests in consolidated investment funds	105,484	4,740	-	110,224	110,224
Borrowings	13,273,124	370,259	-	13,643,383	13,474,619
Bonds and notes payables	6,104,336	26,976,127	17,004,654	50,085,117	43,156,890
Lease liabilities	54,767	60,638	-	115,405	108,223
Derivatives	102,845	2,238,450	-	2,341,295	2,246,954
	25,583,199	29,689,952	17,004,654	72,277,805	65,039,553

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

4 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost arising from loans and other receivables, is an area that requires the use of model and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is detailed in Note 3.

(b) Classification of investments

The Group invests in different assets, including equities, loans, interests in partnerships, unit trusts and other collective investment vehicles. The Group may have certain voting powers in these assets and may be able to exercise controls, joint controls or significant influences over these assets.

The Group applied critical judgements in determining the classifications of these investments. The Group has assessed the voting rights owned by the Group and other owners of the assets, covering areas such as the scopes of its decision-making over the relevant activities, rights held by investors and others, removal and liquidation rights, quorum of meetings, veto rights and other relevant factors related to decision-making powers and has applied critical judgements in determining the classifications of these assets into different categories including subsidiaries, joint ventures, associates and financial assets. A substantial or majority ownership by the Group does not necessarily indicate that the Group has control, joint control or significant influence over the relevant asset.

4 Critical accounting estimates and judgements (continued)

(c) Fair value estimation of financial instruments not quoted in an active market

The Group holds financial instruments that are not listed and are not traded in active markets. The Group employs a number of valuation methods and makes assumptions and judgements that are based on market or investment conditions existing at the reporting date. These investments are valued based on valuation techniques considered appropriate by the Group or valuers appointed by the Group, which may include an income approach using discounted cash flows model, referencing to recent comparable transactions and referencing to the underlying asset value of the financial instruments.

When using valuation techniques to determine the fair value of financial instruments, the Group would choose the input value in consistent with market participants, considering the transactions of related assets and liabilities. All related observable market parameters are considered in priority, including interest rate, foreign exchange rate, commodity prices and share prices or index. When related observable parameters are unavailable or inaccessible, the Group uses unobservable parameters and makes estimates for credit risks, market volatility and liquidity adjustments.

(d) Taxation

There are certain transactions and activities in the ordinary course of the Group's business for which the ultimate tax effect is uncertain. The Group made certain estimation and judgement for items of uncertainty in the application of tax legislations, taking into account existing tax legislation and past practice of tax authorities. Where the final tax outcome of these matters is different from the amounts that were initially estimated, based on management's assessment, such differences will affect the current income tax and deferred income tax during the period in which such a determination is made.

Deferred tax assets relating to certain temporary differences is recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates have been changed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Revenue

Revenue represents interest income arising from the provision of financing to investee companies by the Group.

6 Other income

	2022 HK$'000	2021 HK$'000
Bank interest income	69,171	35,954
Rental income from investment properties	66,812	-
Others	4,280	2,340
	140,263	38,294

7 Other gains or losses

	2022 HK$'000	2021 HK$'000
Net realised and unrealised (losses)/gains (including dividend and interest income) of:		
- financial assets at FVPL	(667,178)	1,482,297
- financial liabilities at FVPL	1,694,079	(1,720,895)
Fair value changes from investment in an associate measured at FVPL (Note 18)	(1,955,599)	2,257,867
Reversal of discounted other receivables	788,477	-
Gain on repurchase of bond issued	73,095	-
Gain on disposals of subsidiaries (Note a)	-	279,729
Net foreign exchange gains	263,263	134,182
Gain on payables waived	174,317	-
	370,454	2,433,180

Note:

(a) During the year ended 31 December 2021, the Group disposed of subsidiaries with net assets of approximately HK$839,208,000 at disposal dates for considerations of HK$1,118,937,000, resulting in a gain of HK$279,729,000.

8 Impairment reversal/(losses), net

	2022 HK$'000	2021 HK$'000
Impairment losses, net of reversal:		
Loan receivables	280,424	(207,409)
Other receivables	(40,890)	(487,120)
Financial assets at FVOCI	(116,673)	(47,153)
	122,861	(741,682)

9 Profit for the year

	2022 HK$'000	2021 HK$'000
Profit for the year is arrived at after charging:		
Auditor's remuneration	5,361	4,113
Depreciation of equipment	3,161	5,080
Depreciation of investment properties	63,294	-
Depreciation of right-of-use assets	48,643	50,878
Staff costs		
- salaries and allowances	124,430	165,029
- other employee benefit expenses	66,006	20,864
Legal and professional expenses	78,521	94,302
Finance costs (Note)	2,178,914	2,279,529

Note: Finance costs represent interest incurred on the Group's borrowings and bonds and notes payables and lease liabilities.

10 Directors' remuneration

Remuneration of the directors disclosed pursuant to the Hong Kong Companies Ordinance is as follows:

	2022 HK$'000	2021 HK$'000
Fees	-	-
Salaries and allowances	6,313	7,241
	6,313	7,241

There were no other key management personnel other than the directors of the Company during the current year.

11 Taxation

(a) Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of Group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

For subsidiaries established in the PRC, the Enterprise Income Tax is calculated at 25% of the relevant income for both years.

Pursuant to the Enterprise Income Tax Law in the PRC and the Detailed Implementation Rules, distributions of the profits earned by the subsidiaries established in the PRC since 1 January 2008 to holding companies incorporated in Hong Kong are subject to withholding tax at the applicable tax rate of 5%.

	2022 HK$'000	2021 HK$'000
Current income tax		
- Hong Kong profits tax	15,160	413,027
- Overseas taxation	207,531	234,315
Deferred tax	438,801	(62,760)
	661,492	584,582

11 Taxation (continued)

(b) The reconciliation between the income tax and the product of profit before tax multiplied by the domestic tax rates applicable to profits of the consolidated entities is as follows:

	2022 HK$'000	2021 HK$'000
Profit before tax	1,104,043	1,470,699
Tax calculated at domestic tax rates applicable to profits in the respective countries	627,338	311,859
Tax effect of income that is not taxable	(579,878)	(387,575)
Tax effect of expenses that are not deductible	417,462	334,211
Tax losses and other temporary differences for which no deferred income tax asset was recognised	196,412	326,087
Effect of different tax rate	(165)	-
Others	323	-
Income tax expense	661,492	584,582

12 Dividend

No interim dividend for ordinary shareholders of the Company was recognised as distribution during the years ended 31 December 2022 and 2021.

No final dividend was paid or proposed during both years, nor has any final dividend been proposed since the end of the reporting period.

13 Equipment

	Furniture, fittings and equipment HK$'000	Vehicles HK$'000	Total HK$'000
Cost			
At 1 January 2021	54,822	5,711	60,533
Additions	578	-	578
Disposals	(30)	-	(30)
Exchange realignment	(454)	(18)	(472)
At 31 December 2021 and 1 January 2022	54,916	5,693	60,609
Additions	970	867	1,837
Disposals	(295)	(767)	(1,062)
Exchange realignment	(332)	(181)	(513)
At 31 December 2022	55,259	5,612	60,871
Depreciation			
At 1 January 2021	46,260	4,799	51,059
Charged for the year	4,684	396	5,080
Disposals	(11)	-	(11)
Exchange realignment	179	(2)	177
At 31 December 2021 and 1 January 2022	51,112	5,193	56,305
Charged for the year	2,826	335	3,161
Disposals	(303)	(759)	(1,062)
Exchange realignment	(352)	(167)	(519)
At 31 December 2022	53,283	4,602	57,885
Net book amounts			
At 31 December 2022	1,976	1,010	2,986
At 31 December 2021	3,804	500	4,304

14 Other assets

	2022 HK$'000	2021 HK$'000
Foreclosed assets	2,017,868	1,393,019
Others	150	150
	2,018,018	1,393,169

15 Investment Properties

The investment properties are located in the PRC and their net book value are analysed as follows:

	HK$'000
Cost	
At 1 January 2021, 31 December 2021 and 1 January 2022	-
Addition	2,830,370
Exchange realignment	(234,839)
At 31 December 2022	2,595,531
Depreciation	
At 1 January 2021, 31 December 2021 and 1 January 2022	-
Charged for the year	63,294
Exchange realignment	(2,749)
At 31 December 2022	60,545
Net book amounts	
At 31 December 2022	2,534,986
At 31 December 2021	-

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes were measured using cost model and were classified and accounted for as investment propetties.

(i) Amounts recognised in profit or loss for investment properties

	2022 HK$'000	2021 HK$'000
Rental income from operating leases	66,812	-
Direct operating expenses from property that generated rental income	8,666	-

As at 31 December 2022 and 2021, the Group had no significant contractual obligations for future repairs and maintenance of the investment properties.

As at 31 December 2022, the Directors estimated that the fair value of the investment properties was approximately HK$2,758,020,000 (2021: nil) by reference to the prices in the active market.

16 Leases

(i) Amounts recognised in the statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2022 HK$'000	2021 HK$'000
Right-of-use assets		
As at 1 January	105,782	113,786
Additions	8,339	41,102
Depreciation charge	(48,643)	(50,878)
Exchange realignment	(4,899)	1,772
As at 31 December	60,579	105,782
Lease liabilities		
Current	22,236	50,626
Non-current	41,979	57,597
	64,215	108,223

(ii) Amounts recognised in consolidated statement of profit or loss

	2022 HK$'000	2021 HK$'000
Depreciation charge of right-of-use assets	48,643	50,878
Interest expenses	3,397	4,036

The total cash outflow for leases in 2022 was HK$53,918,000 (2021: HK$56,149,000)

(iii) The Group's leasing activities and how these are accounted for

For both years, the Group leases offices for its operations. Lease contracts are entered into for a fixed term of three to five years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease arrangements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Details of the lease maturity analysis of lease liabilities are set out in note 3.

17 Deferred taxation

The following are the Group's major deferred tax assets and liabilities recognised and movements thereon during the current and prior years:

Deferred tax assets

	Fair value adjustments of financial assets at FVOCI HK$'000	Fair value adjustments of financial assets at FVPL HK$'000	Impairment on loan receivables HK$'000	Total HK$'000
At 1 January 2021	-	-	730,555	730,555
Credit to profit or loss	-	351,529	47,383	398,912
Credit to other comprehensive income	133,218	-	-	133,218
Exchange realignment	-	-	(906)	(906)
At 31 December 2021 and 1 January 2022	133,218	351,529	777,032	1,261,779
Credit/(debit) to profit or loss	-	74,236	(461,510)	(387,274)
Exchange realignment	(11,267)	(9,431)	(3,643)	(24,341)
At 31 December 2022	121,951	416,334	311,879	850,164

Deferred tax liabilities

	Fair value adjustments of financial assets at FVPL HK$'000
At 1 January 2021	31,646
Credit to profit or loss	336,152
At 31 December 2021 and 1 January 2022	367,798
Debit to profit or loss	51,527
Exchange realignment	(24,739)
At 31 December 2022	394,586

Deferred income tax liabilities of HK$317,899,050 (2021: HK$277,573,450) in respect of unremitted earnings of approximately HK$6,357,981,000 as at 31 December 2022 (2021: HK$5,551,469,000), have not been recognised for the withholding tax as the Group controls the dividend policy of these subsidiaries.

18 Interests in associates and joint ventures

Set out below are the principal associates and joint ventures of the Group as at 31 December 2022 and 2021. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	% of ownership interest 2022 %	2021 %	Nature of relationship
江苏顺风光电科技有限公司 (“Jiangsu Shunfeng”)	PRC	**27.27**	27.27	Associate
Cos-Portman US Real Estate Fund, L.P.	Cayman Islands	**96.75**	96.75	Associate (b)
南京颐乐置业有限公司 (“南京颐乐”)	PRC	**54.16**	54.16	Associate (d)
露笑科技股份有限公司 (“露笑科技”)	PRC	**13.52**	16.21	Associate (e)
RXR VAF 61 Broadway Investor LP (“RXR”)	USA	**49.00**	49.00	Joint Venture
China Orient Yun fan Credit Fund I L.P. (“Yunfan I”)	Cayman Islands	**51.98**	51.98	Joint Venture
China Orient Yun fan Credit Fund II L.P. (“Yunfan II”)	Cayman Islands	**51.98**	51.98	Joint Venture
CBDC Senior Loan Fund LLC (“CBDC”)	USA	**-**	50.00	Joint Venture
石河子东兴博大股权投资合伙企业（有限合伙）	PRC	**67.67**	67.67	Associate
Madison Square Portfolio Leaseholdings LLC	USA	**90**	90	Joint Venture
601 W COMPANIES CHICAGO LLC	USA	**21.1**	21.1	Associate

18 Interests in associates and joint ventures (continued)

Set out below are the principal associates and joint ventures of the Group as at 31 December 2021 and 2022. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business. (continued)

Name of entity	Place of business/ country of incorporation	% of ownership interest 2022 %	2021 %	Nature of relationship
CO-BB Delray Venture LLC	USA	**85**	85	Joint Venture
东方康佳一号（珠海）私募股权投资基金（有限合伙）	PRC	**49.95**	49.95	Joint Venture
COS Greater China Special Situation Fund, L.P. (the "Partnership")	Cayman Islands	**100**	100	Associate (a)
Dongxing Securities (Hong Kong) Company Limited ("Dongxing")	Hong Kong	**5.48**	5.48	Associate (c)
Orient Energy Opportunity Investment Limited Partnership Fund	Cayman Islands	**66.4**	-	Joint Venture (f)

Notes:

(a) As at 31 December 2022 and 2021, the Group held 40% of the holding company of the general partner of the Partnership. The holding company is referred to as "Entity A" hereafter. The Group has taken three out of seven seats in the board of directors of Entity A. In accordance with the shareholders deed entered into, any decisions for significant and relevant activities of Entity A shall be approved by at least 75% of the members of the board of directors of Entity A. In the opinion of the directors of the Company, the Group has no control over Entity A and thus the general partner, who has irrevocable power on the relevant activities of the Partnership. Based on the legal terms of the contractual arrangements, the interests in the Partnership have been classified as an associate as the Group has significant influence over the Partnership.

18 Interests in associates and joint ventures (continued)

Notes: (continued)

(b) Entity A established a joint venture with an independent third party in 2017 and the joint venture acts as the general partner of Portman. As at 31 December 2022, the Group owned 96.75% (2021: 96.75%) equity interest as a limited partner in an investment fund. In the opinion of the directors of the Company, the Group does not have control over COS-Portman US Real Estate Fund, L.P. ("Portman") as it has no practical ability to direct the relevant activities of Portman, as the general partner of Portman, who has irrevocable power on the relevant activities of Portman. Hence Portman is only an associate of the Group and an independent third party. In making their judgement, the directors of the Company also considered various factors including the right to direct the relevant activities, the rights to variable returns from its involvement with Portman, and the ability to use its power to affect the returns from Portman. According to the limited partnership agreement,

- the Group has no right of removing the general partner although the appointment of a new general partner has to be approved by the Group;
- the Group is not permitted to withdraw from Portman except with the prior written consent of the general partner in its absolute discretion; and
- there is a positive correlation between the remuneration and significant exposure to variability of returns of the general partner and the return of the assets under management.

On this basis, the directors of the Company concluded that the Group has no control but significant influence on Portman and, accordingly, classified the interest in Portman as an associate.

(c) The Group invested in Dongxing for 30% of the shareholdings since 2016. In March 2018, a capital injection was made by the immediate holding company of Dongxing amounting to HK$600 million while there was no capital injection made by the Group. Therefore, the percentage of shareholding in Dongxing has been diluted to 5.48% as at 31 December 2020 and remained the same as at 31 December 2022. As the Company has a director seat out of five in the board of Dongxing, Dongxing is accounted for as the Company's associate.

(d) The Group invested in 54.16% of 南京颐乐 in 2018 through two limited partnerships owned by the Group. The general partner has sole power on the relevant activities of the partnerships. The general partner of these two partnerships is an associate of the Group. In the opinion of the directors of the Company, the Group has only significant influence over these partnerships and thus 南京颐乐. Accordingly, the interests in 南京颐乐 have been classified as an associate of the Group.

18 Interests in associates and joint ventures (continued)

Notes (continued) :

(e) As of 31 December 2022, the Group held 13.52% (2021 : 16.21%) of 露笑科技 and appointed two directors out of nine in the board of 露笑科技. In the opinion of the directors, the Group has significant influence over it and the interests have been accounted for as an associate of the Group. Under HKAS 28, management is allowed to elect to measure its investment at fair value instead of accounting for under the equity method if the investment is held by, or is held indirectly through, a venture capital organisation. As the investment was held by a venture capital organisation of the Group and management aims to hold this investment for a medium-term and would seek to exit upon expiration of the investment period, the Group has elected to measure this investment at fair value instead of accounting for under the equity method. Consequently, the Group elects to account for this investment as an associate measured at fair value through profit or loss. As of 31 December 2022, the fair value of the investment is HK$ 2,671,811,000 (2021: HK$4,405,281,000).

(f) During the year ended 31 December 2022, the Group owned 66.4% equity interest as a limited partner in an investment fund. There is one other limited partner in the investment fund which holds the remaining 33.6% equity interest. According to the limited partnership agreement and the investment management agreement, a subsidiary of the Group was appointed as the investment manager of the investment fund. The investment manager is responsible for the day-to-day operation and investment management functions of the investment fund. Based on the legal terms of the limited partnership agreement, the removal of the General Partner of the investment fund requires an aggregate 75% or above equity interest to consent should the General Partner of the investment fund either breached its obligations under the limited partnership agreement or conviction for or admission of fraud, wilful misconduct or gross negligence.

18 Interests in associates and joint ventures (continued)

(i) Summarised financial information for associates and joint ventures

Summarised financial information in respect of each of the Group's material associates and joint ventures is set out below. The summarised financial information below represents amounts shown in the associates and joint ventures' financial statements prepared in accordance with HKFRSs.

The tables below provide summarised financial information for those associates and joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

All of these associates and joint ventures in these consolidated financial statements.

	Jiangsu Shunfeng		Portman		RXR		露笑科技		Chicago	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Current assets	10,438,121	10,734,365	898,986	74,070	75,198	81,958	5,547,254	1,750,202	10,037,633	10,220,665
Non-current assets	3,595,908	3,127,563	-	442,193	3,604,824	3,676,235	5,506,962	5,340,517	-	-
Current liabilities	(8,069,834)	(7,344,848)	(1,425)	(1,097)	(29,735)	(22,090)	(1,673,180)	(631,532)	(7,819,143)	(7,667,338)
Non-current liabilities	(752,056)	(443,739)	-	-	(2,546,358)	(2,546,564)	(2,578,648)	(1,799,445)	-	-
Revenue	12,386,263	8,567,928	59,981	31,958	191,274	(162,940)	3,721,842	3,279,320	643,310	843,441
Profit/(loss) and total comprehensive income/(expense) for the year	295,883	127,519	317,505	(136,829)	92,296	(37,215)	(336,828)	554,313	(267,632)	(140,964)
Dividend received from the associates and joint ventures during the year	-	-	-	-	-	5,616	-	-	-	-

18 Interests in associates and joint ventures (continued)

(i) Summarised financial information for associates and joint ventures (continued)

Reconciliation of the above summarised financial information to the carrying amounts of the interests in the associates and joint ventures recognised in these consolidated financial statements:

	Portman		RXR		Chicago	
	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000
Net assets of the associates and joint ventures	897,561	515,166	1,103,929	1,189,539	2,218,490	2,553,327
Proportion of the Group's ownership interest in the associates and joint ventures	96.75%	96.75%	49%	49%	21.10%	21.10%
	868,390	498,423	540,925	582,874	468,101	538,752
Adjustments	(133,042)	(174,121)	(95,195)	42	(110,157)	(373,145)
Carrying amount of the Group's interest in the associates and joint ventures	735,348	324,302	445,730	582,916	357,944	165,607

<u>Aggregate information of associates and joint ventures that are not individually material</u>

	2022 HK$'000	2021 HK$'000
The Group's share of (losses)/profits	18,441	(297,866)
Aggregate carrying amount of the Group's interests in these associates and joint ventures	2,227,587	2,303,120

18 Interests in associates and joint ventures (continued)

(i) Summarised financial information for associates and joint ventures (continued)

Movement of interests in an associate measured at fair value

	Total HK$'000
At 1 January 2021	2,072,498
Fair value changes from investment in an associate measured at FVPL (Note 7)	2,257,867
Addition of investment in associate measured at fair value	2,173,082
Exchange realignment	74,916
At 31 December 2021 and 1 January 2022	6,578,363
Fair value changes from investment in an associate measured at FVPL (Note 7)	(1,955,599)
Exchange realignment	(599,298)
As at 31 December 2022	4,023,466

19 Financial assets/liabilities at fair value through profit or loss

	2022 HK$'000	2021 HK$'000
Financial assets		
Financial assets measured at FVPL:		
Equity securities (Note a)	7,509,051	5,592,290
Debt and convertible debt securities	7,715,295	8,554,706
Derivatives (Note a)	1,671,312	838,923
Investment funds	6,433,616	6,148,494
Total return swap contracts (Note b)	752,347	5,046,944
Collateralised loan obligations ("CLOs") (Note c)	1,873,340	1,938,143
Wealth management products issued by banks	1,018,414	302,086
Distressed debt assets	752,415	203,472
	27,725,790	28,625,058
Less: non-current portion	(3,987,010)	(3,987,066)
Current portion	23,738,780	24,637,992
Financial liabilities		
Financial liabilities measured at FVPL:		
Listed equity securities	1,148,220	1,488,940
Debt and convertible debt securities	338,297	54,451
Derivatives (Note a)	494,578	2,246,954
	1,981,095	3,790,345
Less: non-current portion	-	(2,286,692)
Current portion	1,981,095	1,503,653

Changes in fair values are recorded as other gains or losses in the consolidated statement of profit or loss.

19 Financial assets/liabilities at fair value through profit or loss (continued)

Notes:

(a) As at 31 December 2022, equity securities of approximately HK$1,527,794,000 (2021: HK$1,085,466,000) have guarantee returns. The Group entered into agreements with the respective issuer/controlling shareholder of these equity securities that these issuers/controlling shareholders will guarantee the Group certain percentage of returns on the investments in these equity securities at the end of the specified periods (the "Guarantee Returns"). In addition, the Group entered into agreements with the respective issuer/controlling shareholder of certain equity securities that the Group will share with the respective issuer/controlling shareholder certain percentage of returns that exceed the Guarantee Returns. The fair values of these derivative financial assets arising from Guarantee Returns is approximately HK$272,082,000 (2021: HK$40,553,000).

As at 31 December 2022 and 2021, pursuant to the investment agreements, the Group is entitled to a fixed percentage of returns on the initial investment amount for the Group's investment in an associate with a total carrying amount of approximately HK$357,944,000 (2021: HK$165,507,000). The fair values of the derivative financial assets are approximately HK$303,322,000 (2021: HK$418,736,000). The remaining balances included in the derivatives represent warrants and equity options.

In addition, as at 31 December 2022 and 2021, pursuant to the investment agreements, the parent company of the Group's investment in an associate is able to exercise an option to repurchase the shares at a designed price within the specified period. Pursuant to the agreement, the Group is required to share certain percentage of realised gains to the parent company shall the selling price exceed a specified percentage of return. The fair value of the derivatives financial liabilities arising from such realised gains apportionment is approximately HK$493,979,000 and recognised under "financial liabilities at fair value through profit or loss" (2021: HK$2,144,109,000).

The notional amounts of derivative financial instruments provides a basis for comparison with instruments recognised on the consolidated statement of financial position, but they do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and do not therefore indicate the Group's exposure to credit or market price risks. The derivatives become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market price of the underlying assets, interest rates, credit quality or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivatives on hand depends on the extent to which instruments are favourable or unfavourable, as the aggregate fair values of derivatives can fluctuate significantly from time to time. As at 31 December 2022, the notional amount for financial assets at fair value through profit or loss is HK$3,182,458,000 (2021: HK$1,201,999,000) and the notional amount for financial liabilities at fair value through profit or loss is HK$155,640,000 (2021: HK$835,187,000).

(b) During the years ended 31 December 2022 and 2021, the Group entered into total return swap contracts with financial institutions, in which the Group is subject to interest and fair value changes of the underlying securities in these contracts and pays fixed interest to the counterparties.

(c) Balance represents the Group's investments in the CLO equity tranches. The underlying investments of a CLO usually consists of debt instruments including fixed rate and floating rate bonds and loans.

20 Financial assets at fair value through other comprehensive income

	2022 HK$'000	2021 HK$'000
Financial assets designated at FVOCI		
- Equity securities listed in Hong Kong	57,178	73,428
Debt securities listed overseas	69,286	190,462
	126,464	263,890

The above equity investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate the investments in equity instruments as at FVOCI as they believe that recognising short-term fluctuations in the investment's fair value in profit or loss would not be consistent with the Group's strategy of holding the investments for long-term purposes and realising their performance potential in the long run.

21 Loans, other receivables and prepaid expenses

	2022 HK$'000	2021 HK$'000
Loan receivables	24,043,420	26,209,620
Less: impairment allowances on loan receivables	(5,527,502)	(6,390,805)
Loan receivables, net (Note c)	18,515,918	19,818,815
Interest receivables	117,900	343,929
Dividend receivables	38	550
Receivables from immediate holding company (Note a)	2,790,413	2,702,175
Receivables from related parties	98,902	335,190
Deposits with brokers and broker receivables	984,222	2,267,540
Prepaid expenses	45,088	17,039
Other receivables (Note b)	3,063,475	4,853,869
Less: impairment allowances on other receivables (Note b)	(639,937)	(590,006)
	24,976,019	29,749,101
Less: non-current portion	(7,244,542)	(7,048,314)
Current portion	17,731,477	22,700,787

21 Loans, other receivables and prepaid expenses (continued)

Notes:

(a) Amounts being interest-free, unsecured and repayable on demand.

(b) As at 31 December 2022, included in other receivables were receivables of approximately HK$1,771,300,000 (2021: HK$3,688,608,000) from independent third parties arising from the Group's disposals of loan receivables, investments at FVPL, investments at FVOCI and interests in associates and joint ventures.

(c) Loan receivables are analysed by industry as follows:

	2022 HK$'000	2021 HK$'000
Real estate	9,719,845	9,833,987
Energy	1,868,439	3,454,408
Manufacturing	6,175,431	6,126,623
Media	2,558,975	2,175,645
Other industries	3,720,730	4,618,957
	24,043,420	26,209,620

Details of credit risk and impairment assessment are disclosed in note 3.

22 Cash and bank balances

	2022 HK$'000	2021 HK$'000
Cash and bank balances	5,867,655	9,105,478
Less: Restricted cash	-	(254,871)
Less: Time deposits with maturity over three months	(334,113)	(647,425)
Cash and cash equivalents	5,533,542	8,203,182

As at 31 December 2022 and 2021, the Group's cash and cash equivalents comprise cash in hand, balances with banks and short-term bank deposits carrying prevailing market interest rates with original maturities of three months or less.

As at 31 December 2022, an aggregate amount of approximately HK$2,459,747,000 (2021: HK$3,655,209,000) of the Group's cash and cash equivalents was denominated in Renminbi ("RMB") and not freely convertible into other currencies.

As at 31 December 2022, the cash and cash equivalents of approximately HK$513,745,000 (2021: HK$1,678,173,000) were denominated in currencies other than the functional currencies of the respective Group entities.

23 Assets classified as held for sale / Liabilities associated with assets classified as held for sale

On 28 December 2022, the Group acquired a subsidiary exclusively with a view to its subsequent disposal. The subsidiary, which is expected to be sold within twelve months, has been classified as assets held for sale and is presented separately in the consolidated statement of financial position. The liabilities of the subsidiary classified as held for sale is also presented separately from other liabilities in the statement of financial position.

Assets and liabilities of the disposal entities were reclassified as assets classified as held for sale and liabilities directly associated with asset classified as held for sale as at 31 December 2022.

Initially, the fair value less cost to sell of the subsidiary is approximately HK$3,675,875,000 after elimination of intercompany balances and the fair value of its identifiable liabilities was HK$10,038,560,000. The acquired assets of the subsidiary were measured at fair value at HK$13,714,435,000.

As at 31 December 2022, management has assessed the fair value less cost to sell of the subsidiary remained at HK$3,675,875,000 after elimination of intercompany balances. No gain or loss was derived from the subsidiary to the Group in the current year.

24 Other payables and accruals

	2022 HK$'000	2021 HK$'000
Interest payables	494,836	633,285
Payables to immediate holding company (Note)	1,789,367	1,785,020
Payables to related parties (Note)	640,841	691,889
Payroll payables	73,921	97,904
Broker payables	1,388,506	610,413
Other payables and accruals	1,536,705	678,645
	5,924,176	4,497,156

Note: Amounts being interest-free, unsecured and repayable on demand.

25 Third-party interests in consolidated investment funds

Third-party interests represent third-party investors' interests in consolidated investment funds which are reflected as liabilities since they can be put back to the Group for cash. The realisation of third-party interests in these consolidated investment funds cannot be predicted with accuracy since these represent the interests of third-party investors in consolidated investment funds that are subject to market risk and the actions of third-party investors. The non-current third-party interests in consolidated investment funds on the consolidated statement of financial position represent the interests that are restricted by a lock-up period during which the third parties cannot redeem their participating shares. As at 31 December 2022, the remaining term of the lock-up period is less than one year.

26 Borrowings

	2022 HK$'000	2021 HK$'000
Bank borrowings - unsecured	12,841,386	13,474,619
	12,841,386	13,474,619
The carrying amount of the above borrowings is repayable:		
Within one year	11,794,543	13,113,144
More than one year (Note)	1,046,843	361,475
	12,841,386	13,474,619
Less: Amount due within one year shown under current liabilities	(11,794,543)	(13,113,144)
Amount shown under non-current liabilities	1,046,843	361,475

Bank borrowings with an aggregate carrying amount of approximately HK$12,841,386,000 (2021: HK$13,474,619,000) were borrowings from various financial institutions.

Bank borrowings bear fixed interest rates or variable interest rates linked to the Hong Kong Interbank Offered Rate ("HIBOR"), the London Interbank Offered Rate ("LIBOR") and the rates offered by the People's Bank of China. As at 31 December 2022, the average effective interest rate of bank borrowings is 3.75% (2021: 3.84%) per annum.

The directors consider that the carrying amounts of borrowings recognised in the consolidated financial statements approximate their fair values.

As at 31 December 2022, borrowings with an aggregate carrying amount of approximately HK$6,793,986,000 (2021: HK$6,802,642,000) were denominated in currencies other than the functional currencies of the respective Group entities.

Note: Pursuant to the borrowing agreements and repayment schedules, the principals of the borrowings will be repaid, by instalments, starting from the drawdown dates.

27 Bonds and notes payables

	2022 HK$'000	2021 HK$'000
Bonds:		
Denominated in US$, carries 3.875% semi-annual coupon, repayable in 2024 (Note a)	3,106,844	3,119,348
Denominated in US$, carries 4.5% semi-annual coupon, repayable in 2029 (Note a)	2,311,685	2,303,950
Denominated in RMB, carries 5.28% annual coupon, repayable in 2024 (Note b)	-	3,429,190
Denominated in US$, carries 2.875% semi-annual coupon, repayable in 2024 (Note c)	3,100,384	3,088,161
Denominated in US$, carries 3.5% semi-annual coupon, repayable in 2029 (Note c)	3,459,412	3,858,167
Denominated in RMB, carries 4.0% annual coupon, repayable in 2024 (Note d)	385,344	1,225,179
Denominated in RMB, carries 4.17% annual coupon, repayable in 2025 (Note e)	2,227,151	2,448,451
Denominated in RMB, carries 3.93% (2021: 3.79%) annual coupon, repayable in 2024 (Note f)	33,411	1,225,090
Denominated in US$, carries 1.875% semi-annual coupon, repayable in 2025 (Note g)	3,485,489	3,480,580
Denominated in US$, carries 2.75% semi-annual coupon, repayable in 2030 (Note g)	2,077,019	2,316,747
Denominated in RMB, carries 4.11% semi-annual coupon, repayable in 2023 (Note h)	556,704	611,876
Denominated in RMB, carries 4.40% semi-annual coupon, repayable in 2023 (Note i)	333,771	366,846
Denominated in RMB, carries 3.95% semi-annual coupon, repayable in 2024 (Note j)	1,668,680	-
Denominated in RMB, carries 3.95% semi-annual coupon, repayable in 2024 (Note k)	1,112,172	-
Denominated in RMB, carries 3.85% semi-annual coupon, repayable in 2024 (Note l)	1,668,062	-
Denominated in RMB, carries 3.88% semi-annual coupon, repayable in 2024 (Note m)	1,111,730	-
Denominated in RMB, carries 4.35% semi-annual coupon, repayable in 2024 (Note n)	556,825	-
Medium-term notes:		
Denominated in US$, carries 5% semi-annual coupon, repayable in 2024 (Note o)	3,102,979	3,073,568
Denominated in RMB, 5.5% semi-annual coupon, repayable in 2025 (Note p)	2,777,560	3,053,495
Denominated in US$, carries 4.5% semi-annual coupon, repayable in 2026 (Note q)	1,747,881	1,744,183
Denominated in US$, carries 4.375% semi-annual coupon, repayable in 2027 (Note r)	7,737,634	7,812,059
	42,560,737	43,156,890
Less: non-current portion	(39,443,111)	(37,277,431)
Current portion	3,117,626	5,879,459

27 Bonds and notes payables (Continued)

Notes:

(a) On 20 March 2019, the Company's wholly owned subsidiary, Joy Treasure Assets Holdings Inc. ("Joy Treasures"), issued a US$400,000,000 bond at 3.875% per annum and will mature on 20 March 2024 and a US$300,000,000 bond at 4.5% per annum and will mature on 20 March 2029, both of which are listed on the Stock Exchange of Hong Kong Limited ("HKEx").

(b) On 22 April 2019, the Company's wholly owned subsidiary, 东方中国, issued a RMB2,800,000,000 bond at 5.28% per annum and will mature on 22 April 2024. The bond was issued with an original maturity of five years and an option to enable the investors to procure the Group to redeem the bond after three years from the date of issuance. During the year ended 31 December 2022, the Group redeemed all the outstanding bond.

(c) On 24 September 2019, the Company's wholly owned subsidiary, Joy Treasures, issued a US$400,000,000 bond at 2.875% per annum and will mature on 24 September 2024 and a US$500,000,000 bond at 3.5% per annum and will mature on 24 September 2029, both of which are listed on the HKEx.

(d) On 24 February 2020, the Company's wholly owned subsidiary, 东方中国, issued a RMB1,000,000,000 bond at 4% per annum and will mature on 24 February 2024. The bond was issued with an original maturity of four years and an option to enable the investors to procure the Group to redeem the bond after two years from the date of issuance. During the year ended 31 December 2022 the Group exercised the right to redeem principal amount of RMB636,000,000. The outstanding bond of RMB364,000,000 has a rate of 4% per annum.

(e) On 24 February 2020, the Company's wholly owned subsidiary, 东方中国, issued a RMB2,000,000,000 bond at 4.17% per annum and will mature on 24 February 2025. The bond was issued with an original maturity of five years and an option to enable the investors to procure the Group to redeem the bond after three years from the date of issuance.

(f) On 24 March 2020, the Company's wholly owned subsidiary, 东方中国, issued a RMB1,000,000,000 bond at 3.79% and will mature on 24 March 2024. The bond was issued with an original maturity of four years and an option to enable the investors to procure the Group to redeem the bond after two years from the date of issuance. During the year ended 31 December 2022, the Group exercised the right to redeem principal amount of RMB970,000,000. The outstanding bond of RMB30,000,000 has a rate of 3.93% per annum.

(g) On 17 November 2020, the Company's wholly owned subsidiary, Joy Treasure Assets Holdings Inc. ("Joy Treasures"), issued a US$450,000,000 bond at 1.875% per annum and will mature on 17 November 2025 and a US$300,000,000 bond at 2.75% per annum and will mature on 17 November 2030, both of which are listed on the Stock Exchange of Hong Kong Limited ("HKEx").

(h) On 6 April 2021, the Company's wholly owned subsidiary, 东方中国, issued a RMB500,000,000 bond at 4.11% per annum and will mature on 6 April 2023.

(i) On 25 November 2021, the Company's wholly owned subsidiary, 东方中国, issued a RMB300,000,000 bond at 4.4% per annum and will mature on 25 November 2023.

27 Bonds and notes payables (Continued)

Notes (Continued):

(j) On 14 February 2022, the Company's wholly owned subsidiary, 东方中国, issued a RMB1,500,000,000 bond at 3.95% per annum and will mature on 14 February 2024. The bond was issued with an original maturity of four years and an option to enable the investors to procure the Group to redeem the bond after two years from the date of issuance.

(k) On 14 March 2022, the Company's wholly owned subsidiary, 东方中国, issued a RMB1,000,000,000 bond at 3.95% per annum and will mature on 14 March 2024. The bond was issued with an original maturity of four years and an option to enable the investors to procure the Group to redeem the bond after two years from the date of issuance.

(l) On 15 April 2022, the Company's wholly owned subsidiary, 东方中国, issued a RMB1,500,000,000 bond at 3.85% per annum and will mature on 15 April 2024.

(m) On 24 June 2022, the Company's wholly owned subsidiary, 东方中国, issued a RMB1,000,000,000 bond at 3.88% per annum and will mature on 24 June 2024. The bond was issued with an original maturity of four years and an option to enable the investors to procure the Group to redeem the bond after two years from the date of issuance.

(n) On 18 November 2022, the Company's wholly owned subsidiary, 东方中国, issued a RMB500,000,000 bond at 4.35% per annum and will mature on 18 November 2024.

On 4 September 2014, the Company's wholly owned subsidiary, Charming Light Investments Ltd. ("Charming Light"), established a US$2,000 million medium-term note programme (the "Medium-Term Notes"). During 2016 and 2017, Charming Light expanded the Medium-Term Notes to US$4,000 million and US$8,000 million, respectively. The details of medium-term notes are presented as follows:

(o) The US$400 million medium-term note at 5% due on 3 September 2024 was issued on 3 September 2014.

(p) The RMB2,500 million medium-term note at 5.5% due on 29 December 2025 was issued on 29 December 2015.

(q) The US$229 million medium-term note at 4.5% due on 21 December 2026 was issued on 21 December 2016.

(r) The US$1,000 million medium-term note at 4.375% due on 21 December 2027 was issued on 21 December 2017.

The Company's ultimate holding company, COAMC, provides keepwell deed to all the bonds and notes payables in issue under the Medium-Term Notes.

As at 31 December 2022, the bonds and notes payables with an aggregate carrying amount of approximately HK$ 2,777,560,000 (2021: HK$3,053,495,000) are denominated in currencies other than the functional currencies of the respective Group entities.

28 Share capital

	Number of shares	Share capital HK$
Issued and fully paid		
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022		
- Ordinary shares	2	2

29 Perpetual capital securities

On 21 December 2017, unsubordinated and guaranteed perpetual securities of US$250 million, carrying 4.25% annual distribution rate and listed on the HKEx, were issued by the Company's wholly owned subsidiary, Charming Light, to independent third parties. The net proceeds from the issuance was approximately HK$1,876,824,000 after transaction costs of HK$74,083,000.

These perpetual capital securities have no fixed maturity and distributions are paid semi-annually for the perpetual capital securities issued in 2017 in arrears. Distributions may be deferred at the Group's discretion and in which event, the Company and the issuer would not declare/pay any dividends or distributions, redeem, reduce, cancel or buy-back any of the Company's and/or the issuer's share capital. The perpetual capital securities are redeemable at the Group's option.

During the year ended 31 Decmeber 2022, the Group have redeemed all of the outstanding perpetual capital securities.

30 Disposal of subsidiaries

For the year ended 31 Decmeber 2022, the Group did not have any disposal of subsidiaries.

During the year ended 31 December 2021, the Group sold equity of four subsidiaries, which are Everfree Investment Holdings Inc., Key Sources Development Ltd., Sheen Vision Holdings Inc. and Silver Legend Asset Holdings Inc. Accordingly, as at 31 December 2022, the Group does not have control over those subsidiaries.

Analysis of assets and liabilities over which control was lost

	2021 HK$'000
Assets	
Financial assets at FVPL	203,436
Loans and other receivables	635,772
Assets disposed of	839,208
Net assets disposed of	839,208

Gain on disposal of subsidiary

	2021 HK$'000
Consideration received/receivable	1,118,937
Net assets disposed of	(839,208)
Gain on disposal	279,729

Net cash inflow arising on disposal

	2021 HK$'000
Cash consideration	566,575
Less: cash and cash equivalents disposed of	-
	566,575

31 Commitments

(i) Capital commitments

At 31 December 2022, the Group had commitments of approximately HK$1,986,712,000 (2021: HK$2,496,551,000) in respect of capital contributions to limited partnerships.

(ii) Operating lease commitments

As lessor

The investment properties are leased to tenants under operating leases with various arrangements of rental payments. The minimum lease payments receivable on leases of investment properties are as follows:

	2022 HK$'000	2021 HK$'000
Within 1 year	22,612	-
Between 1 and 2 years	16,529	-
Between 2 and 3 years	11,284	-
Between 3 and 4 years	6,355	-
Between 4 and 5 years	6,045	-
Later than 5 years	9,744	-

32 Related party transactions

Other than as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties during the year:

	2022 HK$'000	2021 HK$'000
Administrative expense - fellow subsidiaries	5,427	3,611

COAMC provided keepwell deed to the Group for certain of its bonds and notes payables in issue during both years. Details of the securities issued are disclosed in note 27.

The Group is controlled by COAMC, which is indirectly controlled by the PRC government through the Ministry of Finance (the "MOF"). The MOF is the major shareholder of COAMC as at 31 December 2022 and 2021. For the current and prior years, the Group undertook transactions with certain entities directly or indirectly controlled by the PRC government, including but not limited to making bank deposits, receiving banking facilities, renting properties, rendering and obtaining other services. Management is of the opinion that these transactions were conducted on normal business terms and do not require separate disclosures.

33 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of debt, which includes borrowings (Note 26) and bonds and notes payables (Note 27), and equity attributable to owners of the Company, comprising issued share capital, retained earnings, other reserves and perpetual capital securities.

The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risks associated with capital. The Group will balance its overall capital structure through the issue of new debt and the redemption of existing debt.

34 Financial instruments

Categories of financial instruments

	2022 HK$'000	2021 HK$'000
Financial assets		
Financial assets at FVPL		
- measured at FVPL	26,054,478	27,786,135
- derivatives	1,671,312	838,923
Financial assets at FVOCI		
- Equity instruments	57,178	73,428
- Debt instruments	69,286	190,462
Financial assets at amortised cost	30,798,586	38,837,540
Financial liabilities		
Financial liabilities at FVPL		
- measured at FVPL	1,981,095	3,790,345
- third-party interests in consolidated investment funds	39,177	110,224
Financial liabilities at amortised cost	61,326,299	61,030,760
Lease liabilities	64,215	108,223

Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

34 Financial instruments (continued)

Fair value measurements of financial instruments (continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value (continued)

Fair value hierarchy

	2022				2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets at FVOCI								
Equity securities	57,178	-	-	57,178	73,428	-	-	73,428
Debt securities	-	69,286	-	69,286	-	190,462	-	190,462
Financial assets at FVPL								
Equity securities	5,832,092	1,226,423	450,536	7,509,051	5,251,791	-	340,499	5,592,290
Derivatives	2,373	49,899	1,619,040	1,671,312	-	-	838,923	838,923
Debt and convertible debt securities	-	1,808,944	5,906,351	7,715,295	-	2,177,711	6,376,995	8,554,706
Investment funds	82,200	147,026	6,204,390	6,433,616	113,380	117,066	5,918,048	6,148,494
Total return swap contracts	-	-	752,347	752,347	-	-	5,046,944	5,046,944
CLOs	-	-	1,873,340	1,873,340	-	-	1,938,143	1,938,143
Wealth management products	-	14,669	1,003,745	1,018,414	-	57,018	245,068	302,086
Distressed debt assets	-	-	752,415	752,415	-	-	203,472	203,472
Total	5,973,843	3,316,247	18,562,164	27,852,254	5,438,599	2,542,257	20,908,092	28,888,948
Financial liabilities at FVPL								
Equity securities	(1,148,220)	-	-	(1,148,220)	(1,488,940)	-	-	(1,488,940)
Debt securities	(119,016)	(219,281)	-	(338,297)	-	(54,451)	-	(54,451)
Derivatives	-	(599)	(493,979)	(494,578)	-	-	(2,246,954)	(2,246,954)
Third-party interests in consolidated investment funds	-	-	(39,177)	(39,177)	-	-	(110,224)	(110,224)
Total	(1,267,236)	(219,880)	(533,156)	(2,020,272)	(1,488,940)	(54,451)	(2,357,178)	(3,900,569)

34 Financial instruments (continued)

Fair value measurements of financial instruments (continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value (continued)

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.
Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The level of fair value measurement depends on the lowest level of input that is significant to the entire fair value measurement.

Fair value measurements and valuation processes

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair values, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group uses valuation techniques that include inputs which are not based on observable market data to estimate the fair values of certain types of financial instruments.

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

There were no significant transfers between Level 1 and Level 2 for the years ended 31 December 2022 and 2021.

34 Financial instruments (continued)

Fair value measurements of financial instruments (continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value (continued)

Fair value measurements use significant unobservable inputs (level 3). The following table presents the changes in level 3 items for the periods ended 31 December 2022:

	Financial assets at FVPL and Financial assets at FVOCI									Financial liabilities at FVPL		
	Equity securities	Derivatives	Debt and convertible debt securities	Investment funds	Total return swap contracts	CLOs	Wealth management products	Distressed debt assets	**Total assets**	Derivatives	Third-party interests in consolidated funds	**Total liabilities**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**	HK$'000	HK$'000	**HK$'000**
At beginning of the year	340,499	838,923	6,376,995	5,918,048	5,046,944	1,938,143	245,068	203,472	20,908,092	(2,246,954)	(110,224)	(2,357,178)
Total gains or losses recognised												
- in profit or loss	(66,424)	197,183	(463,670)	(330,533)	451,255	(64,803)	-	32,652	(244,340)	1,610,392	11,407	1,621,799
- in other comprehensive income	-	-	-	-	-	-	-	-	-	-	59,640	59,640
Purchases	176,461	622,440	140,852	727,333	-	-	1,003,745	516,291	3,187,122	-	-	-
Derecognised	-	(39,506)	(147,826)	(110,458)	(4,745,852)	-	(245,068)	-	(5,288,710)	142,583	-	142,583
At the end of the year	450,536	1,619,040	5,906,351	6,204,390	752,347	1,873,340	1,003,745	752,415	18,562,164	(493,979)	(39,177)	(533,156)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 Financial instruments (continued)

Fair value measurements of financial instruments (continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value (continued)

The following table presents the changes in level 3 items for the periods ended 31 December 2021:

		Financial assets at FVPL									Financial liabilities at FVPL		
	Financial assets at fair value through other comprehensive income - equity securities HK$'000	Equity securities HK$'000	Derivatives HK$'000	Debt and convertible debt securities HK$'000	Investment funds HK$'000	Total return swap contracts HK$'000	CLOs HK$'000	Wealth management products HK$'000	Distressed debt assets HK$'000	Total assets HK$'000	Derivatives HK$'000	Third-party interests in consolidated funds HK$'000	Total liabilities HK$'000
At beginning of the year	148,036	769,032	1,428,011	3,254,733	5,625,434	5,172,210	2,109,726	-	442,783	18,949,965	(525,149)	(168,042)	(693,191)
Total gains or losses recognised													
- in profit or loss	-	12,668	(596,934)	(150,847)	(20,187)	919,561	(208,842)	-	(19,847)	(64,428)	(1,721,805)	(8,700)	(1,730,505)
- in other comprehensive income	179,561	-	-	-	-	-	-	-	-	179,561	-	71,197	71,197
Purchases	-	-	7,846	3,800,447	312,801	354,134	37,259	245,068	-	4,757,555	-	(4,679)	(4,679)
Derecognised	(327,597)	(441,201)	-	(527,338)	-	(1,398,961)	-	-	(219,464)	(2,914,561)	-	-	-
At the end of the year	-	340,499	838,923	6,376,995	5,918,048	5,046,944	1,938,143	245,068	203,472	20,908,092	(2,246,954)	(110,224)	(2,357,178)

34 Financial instruments (continued)

Fair value measurements of financial instruments (continued)

(i) Fair value of the Group’s financial assets and financial liabilities that are measured at fair value (continued)

For financial assets at fair value through profit or loss, the total gains or losses recognised, including those for assets held at the end of reporting period, are presented in consolidated statement of profit or loss in “net realised and unrealised gains/(losses)”.

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

	Fair value at 31 December 2022	Fair value at 31 December 2021	Fair value hierarchy	Valuation techniques	Unobservable inputs	31 December 2022 Range	31 December 2021 Range	Relationship of unobservable inputs to fair value
Financial assets at FVPL								
Equity securities	450,536	340,499	Level 3	Allocated net asset value	N/A	N/A	N/A	Directly correlated
				Recent transaction price	N/A	N/A	N/A	Directly correlated
				Discounted cash flow	Discount rate	4.12% to 12%	N/A	Directly correlated

34 Financial instruments (continued)

Fair value measurements of financial instruments (continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value (continued)

Valuation inputs and relationships to fair value (continued)

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. (continued)

	Fair value at 31 December 2022	Fair value at 31 December 2021	Fair value hierarchy	Valuation techniques	Unobservable inputs	31 December 2022 Range	31 December 2021 Range	Relationship of unobservable inputs to fair value
Financial assets at FVPL (continued)								
Derivatives	1,619,040	838,923	Level 3	Black Scholes Model	Share price volatility	40%	44.83%	Directly correlated
				Discounted cash flow	Risk adjusted discount rate	10%	10%	Indirectly correlated
				Allocated net asset value	N/A	N/A	N/A	Directly correlated
				Binomial Option Pricing Model	Risk free Rate; Volatility	2.41%; 55.36%	2.53%; 65%	Indirectly correlated; Indirectly correlated

34 Financial instruments (continued)

Fair value measurements of financial instruments (continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value (continued)

Valuation inputs and relationships to fair value (continued)

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. (continued)

	Fair value at 31 December 2022	Fair value at 31 December 2021	Fair value hierarchy	Valuation techniques	Unobservable inputs	31 December 2022 Range	31 December 2021 Range	Relationship of unobservable inputs to fair value
Financial assets at FVPL (continued)								
Debt and convertible debt securities	5,906,351	6,376,995	Level 3	Discounted cash flow	Risk adjusted discount rate	10%-12.5%	7.07%-11.58%	Indirectly correlated
				Recent transaction price	N/A	N/A	N/A	Directly correlated
				Waterfall analysis based on collateral value	Recovery ratio	20% to 60%	N/A	Directly correlated
Investment funds	6,204,390	5,918,048	Level 3	Allocated net asset value	N/A	N/A	N/A	Directly correlated
				Recent transaction price	N/A	N/A	N/A	Directly correlated
Total return swap contracts	752,347	5,046,944	Level 3	Quotes from market makers	N/A	N/A	N/A	Directly correlated
CLOs	1,873,340	1,938,143	Level 3	Discounted cash flow	Discount rate	14%	12.5%	Indirectly correlated

34 Financial instruments (continued)

Fair value measurements of financial instruments (continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value (continued)

Valuation inputs and relationships to fair value (continued)

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. (continued)

	Fair value at 31 December 2022	Fair value at 31 December 2021	Fair value hierarchy	Valuation techniques	Unobservable inputs	31 December 2022 Range	31 December 2021 Range	Relationship of unobservable inputs to fair value
Financial assets at FVPL (continued)								
Wealth management products	1,003,745	245,068	Level 3	Discounted cash flow	Discount rate	N/A	1.5%	Indirectly correlated
				Recent transaction price	N/A	N/A	N/A	Directly correlated
Distressed debt assets	752,415	203,472	Level 3	Discounted cash flow	Discount rate	9%	9%	Indirectly correlated
				Recent transaction price	N/A	N/A	N/A	Directly correlated
Financial liabilities at FVPL								
Derivatives	(493,979)	(2,246,954)	Level 3	Binomial Option Pricing Model	Risk free Rate; Volatility	2.17%; 52%	2.38%; 62%	Indirectly correlated; Indirectly correlated
Third-party interests in consolidated investment funds	(39,177)	(110,224)	Level 3	Allocated net asset value	N/A	N/A	N/A	Directly correlated

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

34 Financial instruments (continued)

Fair value measurements of financial instruments (continued)

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value

The fair values of the Group's financial assets and financial liabilities measured at amortised cost were determined with reference to generally accepted pricing models based on a discounted cash flow analysis using prices or rates from observable current market transactions as inputs.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values, except for certain non-current borrowings, bonds and notes payables.

35 Cash flow information

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest payables HK$'000	Payables to ultimate holding company, immediate holding company and related parties HK$'000	Lease liabilities HK$'000	Third-party interests in consolidated investment funds HK$'000	Borrowings HK$'000	Bonds and notes payables HK$'000
At 1 January 2022	633,285	2,476,909	108,223	110,224	13,474,619	43,156,890
Financing cash flows	(1,758459)	(46,701)	(53,918)	(58,448)	(1,189,421)	(271,830)
Non-cash changes:						
Interest and amoritisation expenses	1,620,010	-	3,397	-	-	555,507
Share of profits by third-party interests consolidated investment funds	-	-	-	(11,408)	-	-
Additions of leases	-	-	8,339	-		
Payable to third-party interests in consolidated investment funds	-	-	-	-		
Effect of foreign exchange rates	-	-	(1,826)	(1,191)	556,188	(879,830)
At 31 December 2022	494,836	2,430,208	64,215	39,177	12,841,386	42,560,737

35 Cash flow information

(a) Reconciliation of liabilities arising from financing activities (continued)

	Interest payables HK$'000	Payables to ultimate holding company, immediate holding company and related parties HK$'000	Lease liabilities HK$'000	Third-party interests in consolidated investment funds HK$'000	Borrowings HK$'000	Bonds and notes payables HK$'000
At 1 January 2021	557,180	2,095,446	117,004	168,042	10,876,636	47,418,756
Financing cash flows	(2,083,496)	381,463	(56,149)	4,680	2,644,565	(4,566,021)
Non-cash changes:						
Interest expenses	2,159,601	-	4,036	-	-	115,892
Share of profits by third-party interests in consolidated investment funds	-	-	-	8,700	-	-
Additions of leases			41,102			
Payable to third-party interests in consolidated investment funds				(74,746)		
Effect of foreign exchange rates	-	-	2,230	3,548	(46,582)	188,263
At 31 December 2021	633,285	2,476,909	108,223	110,224	13,474,619	43,156,890

35 Cash flow information (continued)

(b) Non-cash activities

In the year ended 31 December 2022, major non-cash activities include (i) Additions of right-of-use assets amounting to HK$8,339,000 (2021: HK$41,102,000) (note 16) and (ii) foreclosed assets (note 14) which was exchanged with consideration of loan receivables in equal value amounting to HK$624,849,000 (2021: HK$1,393,019,000).

In the year ended 31 December 2021 investment, major non-cash activity also include an associate 江苏顺风 (note 18) which was exchanged with consideration of loan receivables in equal value amounting to HK$2,173,082,000.

36 Particulars of principal subsidiaries of the company and consolidated structured entities

<u>General information of principal subsidiaries</u>

The following table lists the principal subsidiaries and consolidated structured entities of the Company which, in the opinion of the directors of the Company, principally affected the results, assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

Details of the principal subsidiaries directly or indirectly held by the Company at the end of the reporting period are set out below.

Name of subsidiary	Place of incorporation/ registration/ operations	Interest held		Principal activities
		2022	2021	
深圳祥源投资有限公司	PRC	90%	90%	Investment holding
深圳东方创业投资有限公司	PRC	100%	100%	Investment holding
深圳前海东方创业金融控股有限公司	PRC	100%	100%	Investment holding
Glory Rainbow Holdings Inc.	British Virgin Islands ("BVI")	100%	100%	Investment holding
Sino Trinity Investments Limited	Hong Kong	100%	100%	Investment holding
Sino Progress Investments Limited	Hong Kong	100%	100%	Investment holding
Sino Glister Limited	Hong Kong	100%	100%	Investment holding
Sino Gallery Limited	Hong Kong	100%	100%	Investment holding
Master Elite Limited	Hong Kong	100%	100%	Investment holding
Legend Access Investments Limited	Hong Kong	100%	100%	Investment holding
China Orient Multi Strategy Fund	Cayman Islands	97.60%	97.60%	Investment holding
东方资产管理(中国)有限公司	PRC	100%	100%	Investment holding
东方弘远国际投资有限公司	PRC	100%	100%	Investment holding
China Orient International Asset Management Limited	Hong Kong	100%	100%	Financial advisory
China Orient International Fund Management Limited	Cayman Islands	100%	100%	Investment holding
Billion Capital Shine Inc.	BVI	100%	100%	Investment holding
Dorado International Investments Ltd.	BVI	100%	100%	Investment holding

36 Particulars of principal subsidiaries of the company and consolidated structured entities (continued)

General information of principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ registration/ operations	Interest held 2022	Interest held 2021	Principal activities
Blooming Rose Enterprises Corp.	BVI	100%	100%	Investment holding
Power Rider Enterprises Corp.	BVI	100%	100%	Investment holding
Bright Merit Resources Inc.	BVI	100%	100%	Investment holding
Surplus Delight Holdings Inc.	BVI	100%	100%	Investment holding
China Orient Advisors Inc.	USA	100%	100%	Management/ advisory services
Charming Light Investments Ltd.	BVI	100%	100%	Investment holding
Super Vision Resources Ltd.	BVI	100%	100%	Investment holding
Best Capital Strategies Ltd.	BVI	100%	100%	Financial advisory
Million Plus Development Inc.	BVI	100%	100%	Investment holding
Ascent Choice Holdings Limited	BVI	100%	100%	Investment holding
Optimus Prime Management Ltd.	BVI	100%	100%	Investment holding
COS Ferris 2 Co., Ltd.	Cayman Islands	100%	100%	Investment holding
Lucky Charm Development Inc.	BVI	100%	100%	Investment holding
Wisdom Mind Holdings Corp.	BVI	100%	100%	Investment holding
Chunlap Group Limited	Hong Kong	100%	100%	Investment holding
Joy Treasure Assets Holdings Inc.	BVI	100%	100%	Investment holding
Express Will Asset Holdings Inc.	BVI	100%	100%	Investment holding
China Orient Stable Income Fund SPI	Cayman Islands	100%	100%	Investment holding
China Orient Enhanced Income Fund	Cayman Islands	100%	100%	Investment holding
China Orient Alternative Investment Fund	Cayman Islands	100%	100%	Investment holding
Goldmark Success Ltd.	BVI	100%	100%	Investment holding
Amore Resources Ltd.	BVI	85%	85%	Investment holding
Myway Developments Limited	BVI	100%	-	Investment holding
珠海东方明轩投资管理中心(有限合伙)	PRC	99.5%	-	Investment holding
雁拂金河(上海)股权投资合伙企业(有限合伙)	PRC	100%	100%	Investment holding
宁波梅山保税港区东芷投资合伙企业(有限合伙)	PRC	98.8%	98.8%	Investment holding
宁波梅山保税港区东峑投资合伙企业(有限合伙)	PRC	98.8%	98.8%	Investment holding
宁波梅山保税港区东峪投资合伙企业(有限合伙)	PRC	98.8%	98.8%	Investment holding

37 Other reserves

	Exchange reserve HK$'000	Fair value reserve HK$'000	Share of reserves of associates and joint ventures HK$'000	Other reserve HK$'000	Total HK$'000
At 1 January 2021	131,969	(689,357)	19,425	17,975	(519,988)
Exchange differences on translating foreign operations	201,892	(20,207)	702	-	182,387
Net changes in unrealised gain on financial assets at fair value through other comprehensive inome, net of tax	-	(287,694)	-	-	(287,694)
Transfer of loss of disposal of equity investments at fair value through other comprehensive income to retained earnings	-	399,654	-	-	399,654
At 31 December 2021 and 1 January 2022	333,861	(597,604)	20,127	17,975	(225,641)
Exchange differences on translating foreign operations	(1,743,319)	826	(1,833)	-	(1,744,326)
Net changes in unrealised gain on debt financial assets at fair value through other comprehensive inome, net of tax	-	10,340	-	-	10,340
Net changes in unrealised gain on equity financial assets at fair value through other comprehensive inome, net of tax	-	(16,251)	-	-	(16,251)
At 31 December 2022	(1,409,458)	(602,689)	18,294	17,975	(1,975,878)

38 Statement of financial position and reserves of the Company

	2022 HK$'000	2021 HK$'000
ASSETS		
Non-current assets		
Equipment	2,334	3,564
Right-of-use assets	4,452	44,551
Deferred tax assets	556,921	561,145
Investments in subsidiaries	9,314,853	9,314,853
Interests in associate	87,478	138,230
Other assets	150	150
Loans, other receivables and prepaid expenses	3,664,045	-
Financial assets at fair value through profit or loss	3,141,978	2,531,284
Financial assets at fair value through other comprehensive income	57,178	73,428
	16,829,389	12,667,205
Current assets		
Financial assets at fair value through profit or loss	2,525,140	5,579,349
Loans, other receivables and prepaid expenses	52,639,086	51,717,938
Cash and cash equivalents	1,685,655	1,746,510
	56,849,881	59,043,797
Total assets	73,679,270	71,711,002
Current liabilities		
Other payables and accruals	69,961,662	67,047,058
Tax payable	54,841	54,841
Financial liabilities at fair value though profit or loss	481,854	361,283
Borrowings	6,793,986	6,802,642
Lease liabilities	7,563	37,266
	77,299,906	74,303,090
Net current liabilities	(20,450,024)	(15,259,293)
Total assets less current liabilities	(3,620,636)	(2,592,088)
Non-current liabilities		
Lease liabilities	-	9,522
Deferred tax liabilities	18,190	16,306
	18,190	25,828
Net liabilities	(3,638,826)	(2,617,916)

38 Statement of financial position and reserves of the Company (continued)

	2022 HK$'000	2021 HK$'000
EQUITY		
Share capital	-	-
Fair value reserve	(259,757)	(243,506)
Other reserve	109,857	109,857
Accumulated losses	(3,488,926)	(2,484,267)
Total deficit	(3,638,826)	(2,617,916)

The statement of financial position was approved and authorised for issue by the board of directors on 17 April 2023 and is signed on its behalf by:

ZHOU Jidong
Director

WANG Letian
Director

38 Statement of financial position and reserves of the Company (continued)

Movement in the Company's reserves

	Fair value reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2021	(130,354)	109,857	(3,027,029)	(3,047,526)
Profit for the year	-	-	542,762	542,762
Net losses arising from fair value changes in investments at FVOCI, net of tax	(113,152)	-	-	(113,152)
Total comprehensive expense for the year	(113,152)	-	542,762	429,610
At 31 December 2021 and 1 January 2022	(243,506)	109,857	(2,484,267)	(2,617,916)
Loss for the year	-	-	(1,004,659)	(1,004,659)
Net losses arising from fair value changes in investments at FVOCI, net of tax	(16,251)	-	-	(16,251)
Total comprehensive income for the year	(16,251)	-	(1,004,659)	(1,020,910)
At 31 December 2022	(259,757)	109,857	(3,488,926)	(3,638,826)

39 Approval of the consolidated financial statements

The consolidated financial statements were approved and authorised for issue by the board of directors on 17 April 2023.

CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED
中国东方资产管理(国际)控股有限公司

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2021

CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED
中国东方资产管理(国际)控股有限公司

FOR THE YEAR ENDED 31 DECEMBER 2021

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中国东方资产管理(国际)控股有限公司

DIRECTORS' REPORT

The directors present their report with the audited consolidated financial statements for the year ended 31 December 2021.

Principal activities

The principal activities of the Company are provision of financing, investment and financial advisory services, asset management and investment holding. The activities of its principal subsidiaries are set out in note 34 to the consolidated financial statements.

Results

The results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss and consolidated statement of comprehensive income on pages 8 and 9.

Dividends

The directors of the Company do not recommend the payment of a dividend for the year.

Business review

The Company is exempted from the preparation of a business review under the Hong Kong Companies Ordinance as it is a wholly owned subsidiary of another body corporate in the financial year.

Share capital

Details of the Company's share capital are set out in note 26 to the consolidated financial statements. There was no movement in the Company's share capital during the year.

Directors

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

Yan Andrew Y.	
Ning Jing	
Yang Zheng	
Wang Letian	
Zhou Jidong	(appointed on 21 January 2021)
Wang Quan	(resigned on 21 January 2021)

Wang Quan resigned on 21 January 2021 as director of the Company. He has confirmed that has no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

There being no provision in the Company's Articles of Association for retirement by rotation, all directors continue in office.

The names of directors who have served on the boards of the subsidiaries of the Company during the year and up to the date of this report are set out below:

Wang Wen Vivien	
Wang Weiwei	
Li Lu	
Cao Yan	
Liu Jun	
Li Rui	
James Michael Kattan	
Gonzalo Jalles	
Qin Renzhong	
Wang Letian	
Li Xiaozhou	
Xu Yi	
Fan Qirui	
Zou Wenjing	
Qian Cheng	
Xia Yong	
Li Wenze	
Li Jun	
Cao Yue	
Zhou Jidong	(appointed on 21 January 2021)
Zhang Juying	(appointed on 13 April 2021)
Lv Guoyan	(appointed on 9 September 2021)
Ye Nan	(appointed on 20 December 2021)
Gui Mingxing	(effective on 24 December 2021)
Wang Quan	(resigned on 13 April 2021)
Zhang Chunping	(resigned on 18 May 2021)
Sun Xiaohu	(resigned on 4 June 2021)
Huang Tan	(resigned on 23 August 2021)

Directors' interests in contracts of significance

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

Directors' interests in the shares and debentures of the Company

At no time during the year was the Company, its subsidiaries, its fellow subsidiaries, its parent company or its other associated corporations a party to any arrangement to enable the directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the company or its specified undertakings or other associated corporation.

Management contracts

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

Permitted indemnity provisions

At no time during the financial year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

Auditor

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

....
ZHOU Jidong
Director
Hong Kong, 08 APR 2022

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED
中国东方资产管理(国际)控股有限公司
(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of China Orient Asset Management (International) Holding Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 8 to 100, comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED (continued)
中国东方资产管理(国际)控股有限公司
(incorporated in Hong Kong with limited liability)

Other Information

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

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED (continued)
中国东方资产管理(国际)控股有限公司
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 8 April 2022

CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED
中国东方资产管理(国际)控股有限公司

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	5	2,925,609	3,059,079
Other income	6	38,294	58,543
Other gains or losses	7	2,433,180	3,670,480
Impairment losses, net of reversal	8	(741,682)	(2,219,233)
Administrative expenses	9	(232,163)	(267,173)
Staff costs	9	(185,893)	(170,417)
Finance costs	9	(2,279,529)	(2,470,890)
Share of results of associates and joint ventures		(478,417)	(355,609)
Share of profits from third-party interests in consolidated investment funds		(8,700)	(15,083)
Profit before tax		1,470,699	1,289,697
Income tax expense	11	(584,582)	(850,769)
Profit for the year	9	886,117	438,928
Profit attributable to:			
Owners of the Company		801,539	355,816
Holders of perpetual capital securities		84,589	84,289
Non-controlling interests		(11)	(1,177)
		886,117	438,928

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 HK$'000	2020 HK$'000
Profit for the year	886,117	438,928
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	182,387	497,525
Items that will not be reclassified subsequently to profit or loss:		
Net (loss)/gain arising on financial assets at fair value through other comprehensive income, net of tax	(287,694)	50,507
Other comprehensive (loss)/income for the year, net of tax	(105,307)	548,032
Total comprehensive income for the year	780,810	986,960
Total comprehensive income attributable to:		
Owners of the Company	696,232	903,848
Holders of perpetual capital securities	84,589	84,289
Non-controlling interests	(11)	(1,177)
	780,810	986,960

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED
中国东方资产管理(国际)控股有限公司

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021

	Notes	2021 HK$'000	2020 HK$'000
ASSETS			
Non-current assets			
Equipment	13	4,304	9,474
Right-of-use assets	15	105,782	113,786
Deferred tax assets	16	1,261,779	730,555
Other assets	14	1,393,169	150
Interests in associates and joint ventures	17	9,954,308	7,215,915
Financial assets at fair value through profit or loss	18	3,987,066	8,951,346
Financial assets at fair value through other comprehensive income	19	263,890	334,616
Loans, other receivables and prepaid expenses	20	7,048,314	7,641,814
		24,018,612	24,997,656
Current assets			
Loans, other receivables and prepaid expenses	20	22,700,787	21,817,819
Financial assets at fair value through profit or loss	18	24,637,992	25,192,148
Tax receivable		81,902	-
Restricted cash	21	254,871	-
Time deposits with maturity over three months	21	647,425	-
Cash and cash equivalents	21	8,203,182	6,611,117
		56,526,159	53,621,084
Total assets		80,544,771	78,618,740
LIABILITIES			
Non-current liabilities			
Financial liabilities at fair value through profit or loss	18	2,286,692	525,149
Third-party interests in consolidated investment funds	23	4,740	70,748
Borrowings	24	361,475	-
Bonds and notes payables	25	37,277,431	41,489,309
Lease liabilities	15	57,597	71,103
Deferred tax liabilities	16	367,798	31,646
		40,355,733	42,187,955
Current liabilities			
Other payables and accruals	22	4,497,156	4,785,633
Tax payable		1,512,703	1,303,237
Financial liabilities at fair value through profit or loss	18	1,503,653	579,121
Third-party interests in consolidated investment funds	23	105,484	97,294
Borrowings	24	13,113,144	10,876,636
Bonds and notes payables	25	5,879,459	5,929,447
Lease liabilities	15	50,626	45,901
		26,662,225	23,617,269
Total liabilities		67,017,958	65,805,224
Net assets		13,526,813	12,813,516

CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED
中国东方资产管理(国际)控股有限公司

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AT 31 DECEMBER 2021

	Notes	2021 HK$'000	2020 HK$'000
EQUITY			
Share capital	26	-	-
Reserves		11,408,771	10,712,539
Equity attributable to owners of the Company		11,408,771	10,712,539
Perpetual capital securities	27	1,883,800	1,866,724
Non-controlling interests		234,242	234,253
Total equity		13,526,813	12,813,516

The consolidated financial statements on pages 8 to 100 were approved and authorised for issue by the board of directors on 08 APR 2022 and were signed on its behalf by:

ZHOU Jidong
Director

WANG Letian
Director

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CHINA ORIENT ASSET MANAGEMENT (INTERNATIONAL) HOLDING LIMITED
中国东方资产管理(国际)控股有限公司

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the Company						
	Share capital HK$'000	Other reserves HK$'000 (Note 35)	Retained earnings HK$'000	Sub-total HK$'000	Holders of perpetual capital securities HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2020	-	(1,183,234)	10,995,192	9,811,958	1,872,987	235,430	11,920,375
Profit for the year	-	-	355,816	355,816	84,289	(1,177)	438,928
Other comprehensive income	-	548,032	-	548,032	-	-	548,032
Total comprehensive income	-	548,032	355,816	903,848	84,289	(1,177)	986,960
Transfer of loss of disposal of investments at fair value through other comprehensive income to retained earnings	-	118,481	(118,481)	-	-	-	-
Disposals of interests in associates and joint ventures	-	(3,267)	-	(3,267)	-	-	(3,267)
Dividends paid to holders of perpetual capital securities	-	-	-	-	(90,552)	-	(90,552)
Balance at 31 December 2020 and 1 January 2021	-	(519,988)	11,232,527	10,712,539	1,866,724	234,253	12,813,516
Profit for the year	-	-	801,539	801,539	84,589	(11)	886,117
Other comprehensive income	-	(105,307)	-	(105,307)	-	-	(105,307)
Total comprehensive income	-	(105,307)	801,539	696,232	84,589	(11)	780,810
Transfer of loss of disposal of investments at fair value through other comprehensive income to retained earnings	-	399,654	(399,654)	-	-	-	-
Dividends paid to holders of perpetual capital securities	-	-	-	-	(67,513)	-	(67,513)
Balance at 31 December 2021	-	(225,641)	11,634,412	11,408,771	1,883,800	234,242	13,526,813

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 HK$'000	2020 HK$'000
Cash flows from operating activities		
Profit before tax	1,470,699	1,289,697
Adjustments for:		
Depreciation of equipment	5,080	12,368
Depreciation of right-of-use assets	50,878	46,882
Finance costs	2,279,529	2,470,890
Net impairment allowances on financial assets	741,682	2,219,233
Share of results of associates and joint ventures	478,417	355,609
Share of profits from third-party interests in consolidated investment funds	8,700	15,083
Fair value changes from investment in an associate measured at FVPL	(2,257,867)	(723,865)
Gain on disposals of associates	-	(14,384)
Gain on disposals of joint ventures	-	(954,729)
Gain on disposals of subsidiaries	(279,729)	-
Net unrealised loss on financial assets and liabilities at fair value through profit or loss	1,587,363	381,391
Unrealised exchange difference	(110,763)	(148,947)
Operating cash flows before movements in working capital	3,973,989	4,949,228
Increase in loans, other receivables and prepaid expenses	(4,375,445)	(621,342)
Decrease in financial assets at fair value through profit or loss	5,673,620	3,205,380
Increase in restricted cash	(254,871)	-
Increase in time deposits with maturity over three months	(647,425)	-
Increase/(decrease) in financial liabilities at fair value through profit or loss	975,393	(299,750)
Decrease in other payables and accruals	(721,559)	(692,706)
Cash generated from operations	4,623,702	6,540,810
Income taxes paid	(653,198)	(279,868)
Net cash inflow from operating activities	3,970,504	6,260,942

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 HK$'000	2020 HK$'000
Cash flows from investing activities			
Purchases of equipment	13	(578)	(1,174)
Disposals of equipment		19	469
Proceeds from disposal of subsidiaries	28	566,575	-
Acquisitions of/capital injections in joint ventures and associates		(84,763)	(310,301)
Returns of capital from/dividends received from associates and joint ventures		1,281,357	2,239,391
Payments for financial assets at fair value through other comprehensive income		(644,955)	(40,230)
Disposal of financial assets at fair value through other comprehensive income		190,417	4,045
Net cash inflow from investing activities		1,308,072	1,892,200
Cash flows from financing activities			
Finance costs paid	33(a)	(2,083,496)	(2,178,138)
Increase in payables to ultimate holding company, immediate holding company and related parties	33(a)	381,463	56,930
Dividends paid to holders of perpetual capital securities		(67,513)	(90,552)
New borrowings raised	33(a)	15,992,820	8,983,265
Net proceeds from issuances of bonds and notes payables	33(a)	980,272	10,572,244
Repayments of bonds and notes payables	33(a)	(5,546,293)	(5,929,070)
Repayments of borrowings	33(a)	(13,348,255)	(20,789,729)
Repayments of lease liabilities	33(a)	(56,149)	(50,770)
Capital injection from third-party interests in consolidated investment funds	33(a)	4,680	-
Net cash outflow from financing activities		(3,742,471)	(9,425,820)
Net increase/(decrease) in cash and cash equivalents		1,536,105	(1,272,678)
Cash and cash equivalents at the beginning of the financial year		6,611,117	7,733,074
Effects of exchange rate changes on cash and cash equivalents		55,960	150,721
Cash and cash equivalents at the end of the financial year		8,203,182	6,611,117

The above consolidated statement of cash flows should be read in conjunction with the accompany notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

China Orient Asset Management (International) Holding Limited (the "Company") and its subsidiaries (together "the Group") provides financing, investment and financial advisory services, manages asset and holds investment.

The Company is a limited liability company incorporated in Hong Kong. The Company's immediate holding company is Dong Yin Development (Holdings) Limited, a limited liability company incorporated in Hong Kong. The Company's ultimate holding company is China Orient Asset Management Co., Ltd. ("COAMC"), a company registered in the People's Republic of China (the "PRC") and formed under the authorisation of the State Council and the People's Bank of China. The Company's registered office and principal place of business are located at 36/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

These financial statements are presented in HK dollars (HK$) and all values are rounded to the nearest thousand, unless otherwise stated.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") and requirements of the Hong Kong Companies Ordinance ("HKCO") Cap. 622.

(b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) – measured at fair value.

(c) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

Amendments to HKFRS 16	COVID-19-related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

Other than as explained below regarding the impact of amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, the adoption of the above amended standards has had no significant financial effect on the consolidated financial statements.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

In 2020, the Company adopted the Amendments to HKAS 39, HKFRS 7 and HKFRS 9: Interest Rate Benchmark Reform. A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates.

A number of concerns were raised regarding the integrity and reliability of major financial market benchmarks, particularly interest rate benchmarks that are considered to play the most fundamental role in the global financial system. In 2014, the Financial Stability Board published a report setting out recommendations to reform some major benchmarks. The global reform of interest rate benchmarks, which includes the replacement of some Interbank offered rates ("IBOR") with alternative benchmark rates, is referred to as the interest rate benchmark reform (the "Reform"). The Reform aims to have these new rates based on liquid underlying market transactions, and not be dependent on submissions based on expert judgement.

The second phase of amendments to Interest Rate Benchmark Reform issued in October 2020 focuses on the financial reporting issues that may arise once an existing IBOR is replaced with an alternative interest rate. These amendments adjust specific accounting requirements relating to modifications of financial instruments and lease liabilities, other reliefs for hedge accounting and disclosures.

The amendments provide temporary relief which address the financial reporting impact when an IBOR is replaced with an alternative benchmark rate. Up to the reporting date, no modifications to any of the Company's derivative or non-derivative financial instruments have been made in response to the Reform. The amendments had no significant impact on the consolidated financial statements of the Company. Negotiations with counterparties are ongoing to evaluate the appropriate changes and resetting of rates where necessary. The Company intends to use the practical expedients in future periods if they become applicable.

There are no new standards and amendments to standards that are effective for the first time for this period that could be expected to have a material impact on the Company.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(d) New standards and interpretations not yet adopted

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning on or after 1 January 2021 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to annual improvements project	Annual Improvements 2018-2020 cycle	1 January 2022
Amendments to HKAS 1	Presentation of financial statements on classification of liabilities	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKFRS 16	Covid-19 – Related Rent concessions beyond 2021	1 April 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Directors of the Group are in the process of assessing the financial impact of the adoption of the above new standards and amendments to standards. The Directors of the Group will adopt the new standards and amendments to standards when they become effective.

2 Summary of significant accounting policies (continued)

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 2.3).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are generally accounted for using the equity method of accounting (see (d) below), after initially being recognised at cost. However, HKAS 28 "Investment in associates and joint ventures" provides exemptions from applying the equity method when the investment in the associate or joint venture is held by, or is held indirectly through, venture capital organisations, or mutual funds, unit trusts and similar entities including investment-linked insurance funds. Those investments in associates and joint ventures may be measured at fair value through profit or loss in accordance with HKFRS 9 Financial Instruments.

2 Summary of significant accounting policies (continued)

2.2 Principles of consolidation and equity accounting (continued)

(c) Joint arrangements

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Interests in joint ventures are accounted for using the equity method (see (d) below), after initially being recognised at cost in the consolidated statement of financial position.

(d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.8.

2 Summary of significant accounting policies (continued)

2.2 Principles of consolidation and equity accounting (continued)

(e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of China Orient Asset Management (International) Holding Limited.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable HKFRSs.

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

2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

2 Summary of significant accounting policies (continued)

2.3 Business combinations (continued)

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

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

2.4 Separate financial statements

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

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

2 Summary of significant accounting policies (continued)

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Hong Kong dollar (HK$), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

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

Foreign exchange gains or losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains or losses are presented in the statement of profit or loss on a net basis within other gains or losses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

2 Summary of significant accounting policies (continued)

2.5 Foreign currency translation (continued)

(c) Group companies

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

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

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(d) Disposal of foreign operation and partial disposal

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

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

2 Summary of significant accounting policies (continued)

2.6 Equipment

All equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Furniture, fittings and equipment	3-5 years or over the lease term, whichever is shorter
Vehicles	5-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.8).

Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of profit or loss.

2 Summary of significant accounting policies (continued)

2.7 Foreclosed assets

Foreclosed assets are initially recognised at fair value and subsequently measured at the lower of their carrying amount and fair value, less costs to sell, at the end of each reporting period. When the fair value, less costs to sell, is lower than a foreclosed asset's carrying amount, an impairment loss is recognised in consolidated statement of profit or loss.

Any gain or loss arising on the disposal of the foreclosed asset is included in the consolidated statement of profit or loss in the period in which the item is disposed.

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

2.8 Impairment of non-financial assets

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal Group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

2 Summary of significant accounting policies (continued)

2.10 Financial instruments

(a) Initial recognition, classification and measurement of financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

(1) Financial assets

Financial assets are classified in the following measurement categories based on the Group's business model for managing the asset and the cash flow characteristics of the assets:

(i) Amortised cost ("AC");
(ii) Fair value through other comprehensive income ("FVOCI"); or
(iii) Fair value through profit or loss ("FVPL").

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

2 Summary of significant accounting policies (continued)

2.10 Financial instruments (continued)

(a) Initial recognition, classification and measurement of financial instruments (continued)

(1) Financial assets (continued)

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

Debt Instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds. Classification and measurement of debt instruments depend on the Group's business models for managing the asset and the cash flow characteristics of the asset.

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

(i) AC: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVPL, are measured at amortised cost.

(ii) FVOCI: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVPL, are measured at FVOCI.

(iii) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL.

The Group may also irrevocably designate financial assets at FVPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

Equity instruments

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

The Group subsequently measures all equity investments at FVPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI.

2 Summary of significant accounting policies (continued)

2.10 Financial instruments (continued)

(a) Initial recognition, classification and measurement of financial instruments (continued)

(2) Financial liabilities

The Group's financial liabilities are classified into financial liabilities at FVPL and other financial liabilities carried at amortised cost on initial recognition. Financial liabilities at FVPL is applied to derivatives, financial liabilities held for trading and financial liabilities designated as such at initial recognition.

The Group may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss when doing so results in more relevant information, because either:

(i) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

(ii) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the entity's key management personnel.

(iii) the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required.

Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expenses incurred on the financial liability.

(b) Reclassification of financial assets

When the Group changes the business model for managing its financial assets, it shall reclassify all affected financial assets, and apply the reclassification prospectively from the reclassification date. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest. Reclassification date is the first day of the first reporting period following the change in business model that results in the Group reclassifying financial assets.

2 Summary of significant accounting policies (continued)

2.10 Financial instruments (continued)

(c) Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices. This includes listed equity securities and quoted debt instruments on major exchanges.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For financial instruments not traded in active markets, fair value is determined using appropriate valuation techniques. Valuation techniques include the use of discounted cash flow analysis, and others commonly used by market participants. These valuation techniques include the use of observable and/or unobservable inputs.

(d) Subsequent measurement of financial instruments

Subsequent measurement of financial instruments depends on the categories:

(1) Amortised costs

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition: (i) minus the principal repayments; (ii) plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount; (iii) for financial assets, adjusted for any loss allowance. Interest income and interest expenses from these financial assets is included in "Revenue" and "Finance costs" using the effective interest rate method.

2 Summary of significant accounting policies (continued)

2.10 Financial instruments (continued)

(d) Subsequent measurement of financial instruments (continued)

(1) Amortised costs (continued)

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses ("ECL") and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate. For purchased or originated credit impaired ("POCI") financial assets, the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets and is included in "Revenue", except for:

(i) POCI financial assets, whose interest income is calculated, since initial recognition, by applying the credit-adjusted effective interest rate to their amortised cost; and

(ii) financial assets that are not POCI but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision). If, in a subsequent period, the financial assets improve their qualities so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their gross carrying amount.

(2) Fair value through other comprehensive income

Equity instruments

The equity instrument investments that are not held for trading are designated as FVOCI. When this election is used, fair value gains or losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as investment income when the Group's right to receive payments is established.

(3) Financial assets at fair value through profit or loss

Debt instruments

A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented in the consolidated statement of profit or loss within "Other gains/(losses)" in the period in which it arises.

2 Summary of significant accounting policies (continued)

2.10 Financial instruments (continued)

(d) Subsequent measurement of financial instruments (continued)

(3) Financial assets at fair value through profit or loss (continued)

Equity instruments

Gains or losses on equity investments at FVPL are included in the "Other gains or losses" in the consolidated statement of profit or loss.

(4) Financial liabilities at fair value through profit or loss

Financial liabilities at FVPL are measured at fair value with all gains or losses recognised in the profit or loss of the current period, except for financial liabilities designated as at fair value through profit or loss, where gains or losses on the financial liabilities are treated as follows:

(i) changes in fair value of such financial liabilities due to changes in the Group's own credit risk are recognised in other comprehensive income; and;

(ii) other changes in fair value of such financial liabilities are recognised in profit or loss of the current period. If the accounting of changes in the credit risk of the financial liabilities in accordance with (i) will create or enlarge accounting mismatches in profit or loss, the Group recognises all gains or losses on such financial liabilities (including amounts arising from changes in its own credit risk) in the profit or loss of the current period.

When the liabilities designated as at fair value through profit or loss is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to retained earnings.

(e) Impairment of financial instruments

The Group assesses on a forward-looking basis the ECL associated with its loans receivable carried at amortised cost.

ECL is the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, which are all cash shortfalls, discounted at the original effective interest rates (or credit-adjusted effective interest rate for POCI financial assets).

The Group measures ECL of a financial instrument reflects:

(i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(ii) the time value of money; and
(iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2 Summary of significant accounting policies (continued)

2.10 Financial instruments (continued)

(e) Impairment of financial instruments (continued)

For financial instruments whose impairment losses are measured using the ECL models, the Group assesses whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognise their ECL, as follows:

Stage I: If the credit risk has not increased significantly since its initial recognition, the financial asset is included in stage I.

Stage II: If the credit risk has increased significantly since its initial recognition but is not yet deemed to be credit-impaired, the financial instrument is moved to Stage II. The description of how the Group determines when a significant increase in credit risk has occurred is disclosed in Note 3.

Stage III: If the financial instrument is credit-impaired, the financial instrument is then moved to Stage III. The definition of credit-impaired financial assets is disclosed in Note 3.

Financial instruments in Stage I have their ECL measured at an amount equivalent to the ECL of the financial asset for the next 12 months ("12m ECL"). Financial instruments in Stage II or Stage III have their ECL measured at an amount equivalent to the ECL over the lifetime of the financial instruments ("Lifetime ECL"). The description of inputs, assumptions and estimation techniques used in measuring the ECL is disclosed in Note 3.

(f) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether the new terms are substantially different to the original terms.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate.

2 Summary of significant accounting policies (continued)

2.10 Financial instruments (continued)

(g) Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and, where applicable, the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the consolidated statement of profit or loss.

Financial liabilities are derecognised when the related obligation is discharged, is cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of profit or loss.

(h) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

A financial instrument is an equity instrument if, and only if, both conditions (i) and (ii) below are met:

(i) The financial instrument includes no contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; and

(ii) If the financial instrument will or may be settled in the Group's own equity instruments, it is a non-derivative instrument that includes no contractual obligations for the Group to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Equity instruments issued by the Group are recorded at the fair value of proceeds received, net of direct issuance expenses.

2 Summary of significant accounting policies (continued)

2.10 Financial instruments (continued)

(i) Derivative financial instruments which do not qualify for hedge accounting

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of the reporting period. The method of recognising the resulting gains or losses depends on whether the derivative is designated and qualified as a hedging instrument, and if so, the nature of the item being hedged. Since the derivative financial instruments entered into by the Group do not qualify for hedge accounting, changes in fair value of any derivative financial instruments are recognised immediately in the consolidated statement of profit or loss.

Certain derivatives are embedded in hybrid contracts, such as the conversion option in a convertible bond. If the hybrid contract contains a host that is a financial asset, then the Group assesses the entire contract as described in the financial assets section above for classification and measurement purposes. Otherwise, the embedded derivatives are treated as separate derivatives when:

(1) Their economic characteristics and risks are not closely related to those of the host contract;

(2) A separate instrument with the same terms would meet the definition of a derivative; and

(3) The hybrid contract is not measured at fair value through profit or loss.

These embedded derivatives are separately accounted for at fair value, with changes in fair value recognized in the statement of profit or loss unless the Group chooses to designate the hybrid contracts at fair value through profit or loss.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.12 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

2 Summary of significant accounting policies (continued)

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

2.14 Borrowings

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

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

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of profit or loss as other income or finance costs.

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

2.15 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed in the period in which they are incurred.

2 Summary of significant accounting policies (continued)

2.16 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 Summary of significant accounting policies (continued)

2.17 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(b) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(c) Pension obligations

Employees of the Group in Hong Kong are required to participate in a defined contribution scheme as defined in mandatory provident fund scheme ("MPF Scheme"). The assets of the MPF Scheme are held separately from those of the Group under independently administered funds. Contributions to the schemes by the employers and employees are calculated as a percentage of employees' basic salaries. Under the MPF Scheme, each of the company (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the employer and the employees are subject to a cap of HK$1,500 and thereafter contributions are voluntary. The Group has no further obligations for the actual payment of post-retirement benefits beyond the contributions.

Employees of the Group in the PRC are required to participate in defined contribution retirement schemes administered and operated by municipal governments. The Group's subsidiaries in the PRC contribute funds to the retirement scheme to fund the retirement benefits of the employees which are calculated on certain percentage of the average employee salary as agreed by the municipal government. Such retirement schemes are responsible for the entire post-retirement benefit obligations payable to the retired employees. The Group has no further obligations for the actual payment of post-retirement benefits beyond the contributions.

2 Summary of significant accounting policies (continued)

2.17 Employee benefits (continued)

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when the Group is demonstrably committed to either: (a) terminate the employment of an employee or Group of employees before the normal retirement date; or (b) provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

2.18 Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.19 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

2 Summary of significant accounting policies (continued)

2.19 Leases (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

2 Summary of significant accounting policies (continued)

2.20 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors where appropriate.

2.22 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in profit or loss as interest income in the revenue.

Interest income is presented as "other income" where it is earned from financial assets that are held for cash management purposes.

3 Financial risk management

Financial risk management objectives and policies

The Group's major financial instruments include loans and other receivables, financial assets and liabilities at FVPL, financial assets at FVOCI, cash and cash equivalents, other payables, third-party interests in consolidated investment funds, borrowings, bonds and notes payables and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in economic environment.

The Group's activities expose it primarily to the market risk of changes in interest rate, foreign currency and other prices.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk mainly arises from its bank deposits. At 31 December 2021, the Group's bank balances were HK$9,105,478,000 (2020: HK$6,611,117,000). A change in interest rate levels within the range foreseen by the directors for the next twelve months could have an impact on the Group.

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk (continued)

In the opinion of the management of the Group, the Group is exposed to fair value interest rate risk as loans receivables, borrowings and bonds, notes payables and debt instrument measured at FVPL are carried at fixed interest rates in the current period. The reasonable possible shift of market interest rate will impact to the expected returns and expenses. The interest rate risk to these financial assets and liabilities are considered to be significant.

The Group currently does not have a fair value hedging policy. The management of the Group monitors the related interest exposures closely to ensure the interest rate risks are maintained at an acceptable level.

As observable prices are available for debt securities and underlying investments of convertible debt securities and total return swap contracts, no sensitivity analysis has been presented solely for fair value interest rate risk. Instead, they are covered in the sensitivity analysis of price risk.

The fair values of collateralised loan obligations ("CLOs") are sensitive to interest rate levels and volatility. Although CLOs are structured to have interest rate risk hedged to some degree through the use of matched funding, there may be some difference between the timing of interest rate resets on the liabilities and assets of a CLO, which could have a negative effect on the amount of funds distributed to residual tranche holders. Furthermore, in the event of a significant rising interest rate environment and/or economic downturn, loan defaults may increase and result in credit losses that may be expected to affect the Group's cash flow, fair value of its assets and operating results adversely.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for interest-bearing financial assets and liabilities at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 25 basis point (2020: 25 basis point) increase or decrease represents management's assessment of the reasonably possible changes in interest rates.

If interest rates had been 25 basis points higher and all other variables were held constant, the potential effect on the Group's post-tax profit for the year is approximately as follows:

	2021 HK$'000	2020 HK$'000
Decrease in post-tax profit for the year	33,289	14,013

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk (continued)

If interest rate had been 25 basis points lower and all other variables were held constant, there would be an equal and opposite impact on the Group's post-tax profit for the year.

In the opinion of the management of the Group, the sensitivity analysis is representative of the interest rate risk if the year-end exposure is assumed to reflect the exposure during the year.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates.

The Group entities have financial assets and liabilities denominated in currencies other than their respective functional currencies. Consequently, the Group is exposed to risks that the exchange rates of functional currencies relative to other currencies may change in a manner that have adverse effects on the values of the positions of the Group's financial instruments denominated in foreign currencies.

The major financial assets and liabilities of the Group that are denominated in currencies other than the functional currencies of the respective Group entities include loans and other receivables, financial assets at FVPL, financial assets at FVOCI, cash and cash equivalents, bonds and notes payables, other payables and lease liabilities. In addition, the Group has intra-Group balances with certain subsidiaries denominated in foreign currencies which also expose the Group to currency risk. Other than the items stated above, the management of the Group considers that the Group's exposure to foreign currency risk is insignificant as the majority of the Group's transactions are denominated in the functional currencies of each individual Group entity.

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposures and will consider hedging significant foreign exchange exposure should the need arise.

Sensitivity analysis

The management of the Group does not expect significant foreign currency risk arising from the exchange rate fluctuations between HK$ and US$ in view of the HK$ pegged system to the US$. Accordingly, no sensitivity analysis has been prepared for US$ denominated monetary items.

The table below indicates the potential effect on post-tax profit and other comprehensive income arising from a 5% appreciation or depreciation of RMB spot and forward foreign exchange rates against HKD on the net positions of foreign currency monetary assets and liabilities and derivative instruments in the consolidated statement of financial position.

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

Sensitivity analysis (continued)

	2021 HK$'000	2020 HK$'000
Post-tax profit for the year - RMB	110,640	66,044
Impact on other components of equity - RMB	522,603	554,707

The effect on profit after tax and other comprehensive income is calculated based on the assumption that the Group's foreign currency sensitive exposures and foreign currency derivative instruments net position at the end of each reporting period remain unchanged. The Group mitigates its foreign exchange rate risk through active management of its foreign currency exposures. Such analysis does not take into account the correlation effect of changes in different foreign currencies, nor any further actions that could be taken by management to mitigate the effect of foreign exchange differences. Therefore, the sensitivity analysis above may differ from actual results occurring through changes in foreign exchange rates.

Other price risk

The Group is exposed to other price risks through its investments in equities and debt securities, convertible debt securities, total return swap contracts, short-selling of equity securities measured at FVPL and financial assets at FVOCI. Management of the Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a business team to monitor the price changes and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to price changes at the reporting date. If the prices of respective investments had been 10% higher/lower for listed equity securities and 5% higher/lower for other investments, assuming all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2021 would increase/decrease by approximately HK$922,266,000 (2020: HK$1,044,856,000); and the Group's fair value reserve for the year ended 31 December 2021 would increase/decrease by approximately HK$12,460,000 (2020: HK$18,658,000).

In the opinion of management of the Group, the sensitivity analysis is representative of the price risk if the year end exposure is assumed to reflect the exposure during the year.

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Credit risk

Credit risk represents the potential loss that may arise from a customer or counterparty's failure to meet its obligations when due. The Group's major credit risks arise from its loans and receivables.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity and where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

Measurement of ECL

The Group applies the ECL model to calculate loss allowances for its financial instruments carried at amortised cost and debt instruments measured at FVOCI .

Methods applied by the Group in assessing the expected credit losses of its financial assets include ECL model based on risk parameters and the discounted cash flow ("DCF") model.

The Group assesses ECL in light of forward-looking information and uses models and assumptions in calculating the expected credit losses. These models and assumptions relate to the future macroeconomic conditions and the borrowers' creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). In assessing the expected credit risks in accordance with accounting standards, the Group uses the judgments, assumptions and estimates where appropriate, including:

- Parameters for measuring ECL
- Criteria for significant increase in credit risk and default definition
- Definition of credit-impaired financial asset
- Forward-looking information
- Estimation of future cash flows

Parameters for measuring ECL

According to whether there is a significant increase in credit risk and whether a financial asset has become credit-impaired, the Group recognises an impairment allowance based on the expected credit loss for the next 12 months or the entire lifetime of the financial asset. The key parameters of ECL measurement include probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"). The Group establishes its PD model, LGD model and EAD model based on the internal rating based system as currently used for its risk management purpose, in accordance with the requirements of HKFRS 9 and forward-looking information. In 2021, management of the Group has taken into account the current economic environment and market forecasts in coming years, the influence of the coronavirus pandemic situation and loss pattern during the historical crisis. Management has also made reference to the economic forecasts by the government and other credit agencies.

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

Parameters for measuring ECL (continued)

The parameters are defined as follows:

- PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months ("12m PD"), or over the remaining lifetime ("Lifetime PD") of the obligation;
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months ("12m EAD").
- LGD represents the Group's expectation of the extent of loss on defaulted exposure. LGD is expressed as a percentage loss per unit of exposure at the time of default ("EAD"). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if default occurs over the remaining expected lifetime of the loan.

Criteria for significant increase in credit risk ("SICR") and default definition

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. For the purpose of staging assessment of its financial assets, the Group thoroughly considers various reasonable and supportable information that may reflect whether or not there has been a significant change in their credit risk, including forward-looking information. Key factors considered include:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments on the balance sheet date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group sets quantitative and qualitative criteria to determine whether or not the credit risk of a financial instrument has increased significantly since its initial recognition. The criteria include changes in the borrower's PD, changes in its credit risk classification and other factors. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due. The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

Criteria for significant increase in credit risk ("SICR") and default definition (continued)

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. The Group recognises a financial instrument as having low credit risk if its internal rating is consistent with the globally accepted definition for low credit risk.

The definition of default refers to the failure to pay the debt as agreed in the contract, or other violations of the debt contract and have a significant impact on the normal debt repayment. For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due.

Definition of credit-impaired financial asset

The criteria adopted by the Group to determine whether a credit impairment occurs under HKFRS 9 is consistent with the internal credit risk management objectives for relevant financial instrument, in addition to consideration of quantitative and qualitative indicators. In assessing whether a borrower has become credit-impaired, the Group mainly considers the following factors:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event in relation to interest or principal payment;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties;
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;
- The borrower is overdue for more than 90 days in any principal, advances, interest due to the Group.

The credit impairment of a financial asset may be caused by the combined effect of multiple events rather than any single discrete event.

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

Forward-looking information

The assessment of whether or not there has been a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL of various portfolio. External information includes economic data such as the cumulative growth rate of Gross Domestic Product ("GDP"), Consumer Price Index ("CPI"), Producer Price Index ("PPI"), Industrial Added Value, and forecast information published by government departments and monetary authorities.

The impact of these economic indicators on the PDs and the LGDs varies from one portfolio to another. The Group comprehensively considers internal and external data, expert forecasts and statistical analyses to determine the correlation between these economic indicators and the PDs and LGDs. The Group assess and forecasts these economic indicators at least on an annual basis, calculates the best estimates for the future, and regularly reviews and assesses results.

For debt investments, the Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The Group has concentration of credit risk towards its loans receivables, receivables from immediate holding company and other related parties, other receivables, deposits with brokers, debt securities and convertible debt securities entered into by the Group. The credit risk on bank balances and wealth management products is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group divides its loan portfolio into five categories including "pass", "special mentioned", "substandard", "doubtful" and "loss", based on the credit quality of the portfolio with reference to the regulator's guidelines and alignment with the regulation of parent company COAMC. Management will assess the debtors' repayment capacity to assign the credit rating on a regular basis.

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

The estimated loss rates for each class of financial assets are estimated based on historical observed default rates over the expected life of the respective class of financial assets and are adjusted for forward-looking information that is available without undue cost or effort. The internal credit rating for individual financial assets is regularly reviewed by the management to ensure relevant information about specific financial assets is updated. The Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of loan receivables at the end of each reporting period to ensure that adequate impairment provision for losses are made for expected credit losses. In this regard, the Group considers that the Group's credit risk is significantly reduced.

Bank balances and deposits with financial institutions are placed with various authorised institutions. Accordingly, the Group considers the credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group has concentration of credit risk on receivables from immediate holding company and other related parties. The Group considers the credit risk on these receivables is not significant after assessing holding company and other related parties' financial background and creditability.

The Group invested in debt securities, convertible debt securities and total return swap contracts. The credit risk of these instruments are monitored by the Group regularly. The fair value of certain convertible debt securities and the total return swap were estimated by independent professional valuers.

The Group also invested in CLO equity tranches which are subject to potential non-payment risk. The Group will be in a first loss position with respect to realised losses on the collateral in each CLO investment. The directors of the Company seek to provide diversification in terms of underlying assets' geography and CLO managers. The maximum loss that the Group can incur on CLOs is limited to the fair value of these CLOs as disclosed in Note 18. The underlying loans are made up of a variety of credit ratings including investment grade, non-investment grade and junk status.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

The tables below detail the credit risk exposures of the Group's financial assets at amortised cost which are subject to ECL assessment:

	12m or lifetime ECL	2021 Gross carrying amount HK$'000	2021 Net carrying amount HK$'000	2020 Gross carrying amount HK$'000	2020 Net carrying amount HK$'000
Loan receivables (Note 1)	12m ECL	12,576,322	11,425,309	8,473,639	8,135,732
	Lifetime ECL (not credit-impaired)	3,911,394	3,669,122	8,750,421	7,861,536
	Lifetime ECL (credit-impaired)	9,721,904	4,724,384	12,680,761	6,345,586
Interest receivables	12m ECL (Note 1)	343,929	343,929	367,413	367,413
Dividend receivables	12m ECL (Note 2)	550	550	5,148	5,148
Receivables from immediate holding company	12m ECL (Note 3)	2,702,175	2,702,175	1,070,377	1,070,377
Receivables from related parties	12m ECL (Note 3)	335,190	335,190	364,866	364,866
Deposits with brokers and broker receivables	12m ECL (Note 4)	2,267,540	2,267,540	1,319,311	1,319,311
Bank balances	12m ECL (Note 5)	9,105,478	9,105,478	6,611,117	6,611,117
Other receivables	12m ECL (Note 6)	4,514,913	4,098,344	3,710,979	3,710,606
	Lifetime ECL (credit-impaired)	338,956	165,519	773,814	236,543

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

Notes:

1 The ECL of the loan and interest receivables are assessed by reference to the probability of default ("PD") and loss given default ("LGD") for the relevant internal credit rating assessments made by the Group and adjusted for forward-looking factors that are available without undue cost or effort.

2 There is no concentration of credit risk with respect to dividend receivables. The ECL allowance is immaterial.

3 For receivables from the immediate holding company and related parties, the credit risk is limited since majorities of counterparties are subsidiaries of COAMC, which is the ultimate holding company of the Group. COAMC is a state-owned large-scale non-banking financial institution jointly established by the MOF and the National Council for Social Security Fund. The ECL allowance is immaterial.

4 Deposits with brokers and broker receivables were mainly from reputable large brokers and financial institutions with the credit rating of A issued by Standard & Poor's. They have a low risk of default and there is no significant increase in credit risk since initial recognition. Accordingly, they are subject to 12m ECL. The ECL of these balances is assessed by reference to the PD and LGD for the relevant credit-rating grades published by international credit rating agencies, and adjusted for forward-looking factors that are available without undue cost or effort. The ECL allowance is immaterial.

5 The credit risk on bank balances and bank deposits is limited because the counterparties are major institutional banks with credit ratings of Baa or higher assigned by international credit-rating agencies. These institutional banks have a low risk of default and there is no significant increase in credit risk since initial recognition. Accordingly, they are subject to 12-month ECL. The ECL of the bank balances is assessed by reference to the PD and LGD for the relevant credit rating grades published by international credit rating agencies, and adjusted for forward-looking factors that are available without undue cost or effort. The ECL allowance is immaterial.

6 In respect of other receivables, the Group assesses the credit profile of each individual debtor by analysing many factors that influence the default probability, including (but not limited to) the counterparty's historical repayment pattern, business prospects and management, macroeconomic development, industrial and sovereign risk, and historical performance. In determining the ECL for other receivables at amortised cost, the Group has made reference to the PD and LGD together with forward-looking factors as appropriate, on an individual basis to assess whether credit risk has increased significantly since initial recognition.

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

The following table shows the reconciliation of loss allowances that have been recognised for loan receivables.

	Stage I HK$'000	Stage II HK$'000	Stage III HK$'000	Total HK$'000
As at 1 January 2020	225,285	510,457	4,040,062	4,775,804
Changes due to financial instruments recognised as at 1 January 2020:				
- Transfer to lifetime ECL	(68,772)	68,772	-	-
- Transfer to credit-impaired	-	(53,205)	53,205	-
- Impairment losses recognised	57,943	377,919	1,693,179	2,129,041
- Impairment losses reversed	(96,708)	(38,204)	(113,323)	(248,235)
- Unwinding of discount	-	-	499,839	499,839
New financial assets originated or purchased	84,157	-	279,636	363,793
Written-off	-	-	(156,801)	(156,801)
Exchange realignment	136,002	23,146	39,378	198,526
As at 31 December 2020 and 1 January 2021	337,907	888,885	6,335,175	7,561,967
Changes due to financial instruments recognised as at 1 January 2021:				
- Transfer to 12m ECL	610,618	(610,618)	-	-
- Transfer to lifetime ECL	(65,607)	65,607	-	-
- Transfer to credit-impaired	-	(62,999)	62,999	-
- Impairment losses recognised	421,896	95,272	1,422,500	1,939,668
- Impairment losses reversed	(203,371)	(138,564)	(1,438,385)	(1,780,320)
- Unwinding of discount	-	-	552,631	552,631
New financial assets originated or purchased	48,061	-	-	48,061
Written-off	-	-	(1,979,020)	(1,979,020)
Exchange realignment	1,509	4,689	41,620	47,818
As at 31 December 2021	1,151,013	242,272	4,997,520	6,390,805

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

The following table shows the reconciliation of loss allowances that have been recognised for other receivables.

	Stage I HK$'000	Stage III HK$'000	Total HK$'000
As at 1 January 2020	25,739	537,271	563,010
Impairment losses reversed	(25,366)	-	(25,366)
As at 31 December 2020 and 1 January 2021	373	537,271	537,644
New financial assets originated or purchased	123,988	70,937	194,925
Impairment losses recognised	292,342	-	292,342
Impairment losses reversed	(147)	-	(147)
Written-off	-	(434,770)	(434,770)
Exchange realignment	12	-	12
As at 31 December 2021	416,568	173,438	590,006

The following table shows the reconciliation of loss allowances that were recognised for non-current assets classified as held for sale.

	Stage III HK$'000
As at 1 January 2020	541,736
Written-off	(574,729)
Exchange realignment	32,993
As at 31 December 2020, 1 January 2021 and 31 December 2021	-

The loss allowance for debt investments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI. The loss allowance for debt investments at FVOCI as at 31 December reconciles to the opening loss allowance as follows:

	HK$'000
As at 1 January 2020, 31 December 2020 and 1 January 2021	-
Increase in loan loss allowance recognised in profit or loss during the year	47,153
As at 31 December 2021	47,153

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities. To manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of borrowings and ensures compliance with loan covenants.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which the Group can be required to pay.

Analysis of the undiscounted contractual cash flows

The tables below present the undiscounted cash flows of financial liabilities by remaining contractual maturities at the end of each reporting period. The Group's derivatives will be settled on net basis.

Liquidity tables

	On demand or less than 1 year HK$'000	1 year to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 December HK$'000
2021					
Other payables	4,399,252	-	-	4,399,252	4,399,252
Financial liabilities at FVPL	1,543,391	39,738	-	1,583,129	1,543,391
Third-party interests in consolidated investment funds	105,484	4,740	-	110,224	110,224
Borrowings	13,273,124	370,259	-	13,643,383	13,474,619
Bonds and notes payables	6,104,336	26,976,127	17,004,654	50,085,117	43,156,890
Lease liabilities	54,767	60,638	-	115,405	108,223
Derivatives	102,845	2,238,450	-	2,341,295	2,246,954
	25,583,199	29,689,952	17,004,654	72,277,805	65,039,553

3 Financial risk management (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	On demand or less than 1 year HK$'000	1 year to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 December HK$'000
2020					
Other payables	4,697,264	-	-	4,697,264	4,697,264
Financial liabilities at FVPL	563,541	-	-	563,541	563,541
Third-party interests in consolidated investment funds	97,294	70,748	-	168,042	168,042
Borrowings	10,998,665	-	-	10,998,665	10,876,636
Bonds and notes payables	7,657,180	27,742,458	19,718,149	55,117,787	47,418,756
Lease liabilities	49,753	73,980	-	123,733	117,004
Derivatives	15,580	553,341	-	568,921	540,729
	24,079,277	28,440,527	19,718,149	72,237,953	64,381,972

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

4 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost arising from loans and other receivables, is an area that requires the use of model and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is detailed in Note 3.

(b) Classification of investments

The Group invests in different assets, including equities, loans, interests in partnerships, unit trusts and other collective investment vehicles. The Group may have certain voting powers in these assets and may be able to exercise controls, joint controls or significant influences over these assets.

The Group applied critical judgements in determining the classifications of these investments. The Group has assessed the voting rights owned by the Group and other owners of the assets, covering areas such as the scopes of its decision-making over the relevant activities, rights held by investors and others, removal and liquidation rights, quorum of meetings, veto rights and other relevant factors related to decision-making powers and has applied critical judgements in determining the classifications of these assets into different categories including subsidiaries, joint ventures, associates and financial assets. A substantial or majority ownership by the Group does not necessarily indicate that the Group has control, joint control or significant influence over the relevant asset.

4 Critical accounting estimates and judgements (continued)

(c) Fair value estimation of financial instruments not quoted in an active market

The Group holds financial instruments that are not listed and are not traded in active markets. The Group employs a number of valuation methods and makes assumptions and judgements that are based on market or investment conditions existing at the reporting date. These investments are valued based on valuation techniques considered appropriate by the Group or valuers appointed by the Group, which may include an income approach using discounted cash flows model, referencing to recent comparable transactions and referencing to the underlying asset value of the financial instruments.

When using valuation techniques to determine the fair value of financial instruments, the Group would choose the input value in consistent with market participants, considering the transactions of related assets and liabilities. All related observable market parameters are considered in priority, including interest rate, foreign exchange rate, commodity prices and share prices or index. When related observable parameters are unavailable or inaccessible, the Group uses unobservable parameters and makes estimates for credit risks, market volatility and liquidity adjustments.

(d) Taxation

There are certain transactions and activities in the ordinary course of the Group's business for which the ultimate tax effect is uncertain. The Group made certain estimation and judgement for items of uncertainty in the application of tax legislations, taking into account existing tax legislation and past practice of tax authorities. Where the final tax outcome of these matters is different from the amounts that were initially estimated, based on management's assessment, such differences will affect the current income tax and deferred income tax during the period in which such a determination is made.

Deferred tax assets relating to certain temporary differences is recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates have been changed.

5 Revenue

Revenue represents interest income arising from the provision of financing to investee companies by the Group.

6 Other income

	2021 HK$'000	2020 HK$'000
Bank interest income	35,954	57,955
Others	2,340	588
	38,294	58,543

7 Other gains or losses

	2021 HK$'000	2020 HK$'000
Net realised and unrealised gains/(losses) (including dividend and interest income) of:		
- financial assets at FVPL	1,482,297	2,314,602
- financial liabilities at FVPL	(1,720,895)	(525,148)
Fair value changes from investment in an associate measured at FVPL (Note 17)	2,257,867	723,865
Gain on disposals of associates (Note a)	-	14,384
Gain on disposals of joint ventures (Note b)	-	954,729
Gain on disposals of subsidiaries (Note c)	279,729	-
Net foreign exchange gains	134,182	188,048
	2,433,180	3,670,480

Note:

(a) During the year ended 31 December 2020, the Group disposed of interests in an associate with a total carrying amount of approximately HK$56,272,000 for a consideration of HK$70,656,000, resulting in a gain of HK$14,384,000.

(b) During the year ended 31 December 2020, the Group disposed of interests in joint ventures with a total carrying amount of approximately HK$326,805,000 for a consideration of HK$1,281,534,000, resulting in a gain of HK$954,729,000.

(c) During the year ended 31 December 2021, the Group disposed of subsidiaries with net assets of approximately HK$839,208,000 at disposal dates for considerations of HK$1,118,937,000, resulting in a gain of HK$279,729,000.

8 Impairment losses, net of reversal

	2021 HK$'000	2020 HK$'000
Impairment losses, net of reversal:		
Loan receivables	207,409	2,244,599
Other receivables	487,120	(25,366)
Financial assets at FVOCI	47,153	-
	741,682	2,219,233

9 Profit for the year

	2021 HK$'000	2020 HK$'000
Profit for the year is arrived at after charging:		
Auditor's remuneration	4,113	4,338
Depreciation of equipment	5,080	12,368
Depreciation of right-of-use assets	50,878	46,882
Staff costs		
- salaries and allowances	165,029	148,181
- other employee benefit expenses	20,864	22,236
Legal and professional expenses	94,302	77,106
Finance costs (Note)	2,279,529	2,470,890

Note: Finance costs represent interest incurred on the Group's borrowings and bonds and notes payables and lease liabilities.

10 Directors' remuneration

Remuneration of the directors disclosed pursuant to the Hong Kong Companies Ordinance is as follows:

	2021 HK$'000	2020 HK$'000
Fees	-	-
Salaries and allowances	7,241	8,581
	7,241	8,581

There were no other key management personnel other than the directors of the Company during the current year.

11 Taxation

(a) Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of Group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

For subsidiaries established in the PRC, the Enterprise Income Tax is calculated at 25% of the relevant income for both years.

Pursuant to the Enterprise Income Tax Law in the PRC and the Detailed Implementation Rules, distributions of the profits earned by the subsidiaries established in the PRC since 1 January 2008 to holding companies incorporated in Hong Kong are subject to withholding tax at the applicable tax rate of 5%.

	2021 HK$'000	2020 HK$'000
Current income tax		
- Hong Kong profits tax	413,027	190,687
- Overseas taxation	234,315	279,480
Deferred tax	(62,760)	380,602
	584,582	850,769

11 Taxation (continued)

(b) The reconciliation between the income tax and the product of profit before tax multiplied by the domestic tax rates applicable to profits of the consolidated entities is as follows:

	2021 HK$'000	2020 HK$'000
Profit before tax	1,470,699	1,289,697
Tax calculated at domestic tax rates applicable to profits in the respective countries	311,859	291,721
Tax effect of income that is not taxable	(387,575)	(425,869)
Tax effect of expenses that are not deductible	334,211	304,717
Tax losses and other temporary differences for which no deferred income tax asset was recognised	326,087	680,200
Income tax expense	584,582	850,769

12 Dividend

No interim dividend for ordinary shareholders of the Company was recognised as distribution during the years ended 31 December 2021 and 2020.

No final dividend was paid or proposed during both years, nor has any final dividend been proposed since the end of the reporting period.

13 Equipment

	Furniture, fittings and equipment HK$'000	Vehicles HK$'000	Total HK$'000
Cost			
At 1 January 2020	53,937	5,578	59,515
Additions	1,150	24	1,174
Disposals	(564)	-	(564)
Exchange realignment	299	109	408
At 31 December 2020 and 1 January 2021	54,822	5,711	60,533
Additions	578	-	578
Disposals	(30)	-	(30)
Exchange realignment	(454)	(18)	(472)
At 31 December 2021	54,916	5,693	60,609
Depreciation			
At 1 January 2020	34,402	4,125	38,527
Charged for the year	11,768	600	12,368
Disposals	(95)	-	(95)
Exchange realignment	185	74	259
At 31 December 2020 and 1 January 2021	46,260	4,799	51,059
Charged for the year	4,684	396	5,080
Disposals	(11)	-	(11)
Exchange realignment	179	(2)	177
At 31 December 2021	51,112	5,193	56,305
Net book amounts			
At 31 December 2021	3,804	500	4,304
At 31 December 2020	8,562	912	9,474

14 Other assets

	2021 HK$'000	2020 HK$'000
Foreclosed assets	1,393,019	-
Others	150	150
	1,393,169	150

15 Leases

(i) Amounts recognised in the statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2021 HK$'000	2020 HK$'000
Right-of-use assets		
As at 1 January	113,786	158,094
Additions	41,102	-
Depreciation charge	(50,878)	(46,882)
Exchange realignment	1,772	2,574
As at 31 December	105,782	113,786
Lease liabilities		
Current	50,626	45,901
Non-current	57,597	71,103
	108,223	117,004

(ii) Amounts recognised in consolidated statement of profit or loss

	2021 HK$'000	2020 HK$'000
Depreciation charge of right-of-use assets	50,878	46,882
Interest expenses	4,036	5,626

The total cash outflow for leases in 2021 was HK$56,149,000 (2020: HK$50,770,000)

(iii) The Group's leasing activities and how these are accounted for

For both years, the Group leases offices for its operations. Lease contracts are entered into for a fixed term of three to five years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease arrangements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Details of the lease maturity analysis of lease liabilities are set out in note 3.

16 Deferred taxation

The following are the Group's major deferred tax assets and liabilities recognised and movements thereon during the current and prior years:

Deferred tax assets

	Fair value adjustments of financial assets at FVOCI HK$'000	Fair value adjustments of financial assets at FVPL HK$'000	Impairment on loan receivables HK$'000	Total HK$'000
At 1 January 2020	-	74,687	1,038,197	1,112,884
Debit to profit or loss	-	(74,687)	(321,759)	(396,446)
Exchange realignment	-	-	14,117	14,117
At 31 December 2020 and 1 January 2021	-	-	730,555	730,555
Credit to profit or loss	-	351,529	47,383	398,912
Credit to other comprehensive income	133,218	-	-	133,218
Exchange realignment	-	-	(906)	(906)
At 31 December 2021	133,218	351,529	777,032	1,261,779

Deferred tax liabilities

	Fair value adjustments of financial assets at FVPL HK$'000
At 1 January 2020	47,490
Credit to profit or loss	(15,844)
At 31 December 2020 and 1 January 2021	31,646
Debit to profit or loss	336,152
At 31 December 2021	367,798

Deferred income tax liabilities of HK$277,573,450 (2020: HK$237,071,950 in respect of unremitted earnings of approximately HK$5,551,469,000 as at 31 December 2021 (2020: HK$4,741,439,000), have not been recognised for the withholding tax as the Group controls the dividend policy of these subsidiaries.

17 Interests in associates and joint ventures

Set out below are the principal associates and joint ventures of the Group as at 31 December 2021 and 2020. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	% of ownership interest 2021 %	% of ownership interest 2020 %	Nature of relationship	Measurement method	Carrying amount 2021 HK$'000	Carrying amount 2020 HK$'000
江苏顺风光电科技有限公司 ("江苏顺风")	PRC	27.27	-	Associate	Equity method	2,173,082	-
Portman	Cayman Islands	96.75	80.54	Associate (b)	Equity method	324,302	374,113
南京颐乐置业有限公司 ("南京颐乐")	PRC	54.16	54.16	Associate (d)	Equity method	305,416	373,984
露笑科技股份有限公司 ("露笑科技")	PRC	16.21	17.21	Associate (e)	Fair value through profit or loss	4,405,281	2,072,498
RXR VAF 61 Broadway Investor LP ("RXR")	USA	49	49	Joint Venture	Equity method	582,916	499,279
China Orient Yun fan Credit Fund I L.P. ("Yunfan I")	Cayman Islands	51.98	51.98	Joint Venture	Equity method	312,728	311,554
China Orient Yun fan Credit Fund II L.P. ("Yunfan II")	Cayman Islands	51.98	51.98	Joint Venture	Equity method	62,718	579,858
CBDC Senior Loan Fund LLC ("CBDC")	USA	50	50	Joint Venture	Equity method	311,284	301,971
佛山信保通兴股权投资合伙企业（有限合伙）	PRC	-	99.9	Joint Venture	Equity method	-	433,229
石河子东兴博大股权投资合伙企业（有限合伙）	PRC	-	66.67	Associate	Equity method	-	378,735
Madison Square Portfolio Leaseholdings LLC	USA	90	90	Joint Venture	Equity method	81,134	167,074
601 W COMPANIES CHICAGO LLC	USA	21.1	21.1	Associate	Equity method	165,607	286,654

17 Interests in associates and joint ventures (continued)

Set out below are the principal associates and joint ventures of the Group as at 31 December 2021 and 2022. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business. (continued)

Name of entity	Place of business/ country of incorporation	% of ownership interest 2021 %	2020 %	Nature of relationship	Measurement method	Carrying amount 2021 HK$'000	2020 HK$'000
CO-BB Delray Venture LLC	USA	85	85	Joint Venture	Equity method	226,095	258,735
东方康佳一号（珠海）私募股权投资基金（有限合伙）	PRC	49.95	49.95	Joint Venture	Equity method	477,141	388,017
COS Greater China Special Situation Fund, L.P. (the "Partnership")	Cayman Islands	100	100	Associate (a)	Equity method	86,504	127,053
Dongxing Securities (Hong Kong) Company Limited ("Dongxing")	Hong Kong	5.48	5.48	Associate (c)	Equity method	51,726	50,743
Immaterial associates and joint ventures						388,374	612,418
						9,954,308	7,215,915

Notes:

(a) As at 31 December 2021 and 2020, the Group held 40% of the holding company of the general partner of the Partnership. The holding company is referred to as "Entity A" hereafter. The Group has taken three out of seven seats in the board of directors of Entity A. In accordance with the shareholders deed entered into, any decisions for significant and relevant activities of Entity A shall be approved by at least 75% of the members of the board of directors of Entity A. In the opinion of the directors of the Company, the Group has no control over Entity A and thus the general partner, who has irrevocable power on the relevant activities of the Partnership. Based on the legal terms of the contractual arrangements, the interests in the Partnership have been classified as an associate as the Group has significant influence over the Partnership.

17 Interests in associates and joint ventures (continued)

Notes: (continued)

(b) Entity A established a joint venture with an independent third party in 2017 and the joint venture acts as the general partner of Portman. As at 31 December 2021, the Group owned 96.75% (2020: 80.54%) equity interest as a limited partner in an investment fund. In the opinion of the directors of the Company, the Group does not have control over COS-Portman US Real Estate Fund, L.P. ("Portman") as it has no practical ability to direct the relevant activities of Portman, as the general partner of Portman, who has irrevocable power on the relevant activities of Portman. Hence Portman is only an associate of the Group and an independent third party. In making their judgement, the directors of the Company also considered various factors including the right to direct the relevant activities, the rights to variable returns from its involvement with Portman, and the ability to use its power to affect the returns from Portman. According to the limited partnership agreement,

- the Group has no right of removing the general partner although the appointment of a new general partner has to be approved by the Group;
- the Group is not permitted to withdraw from Portman except with the prior written consent of the general partner in its absolute discretion; and
- there is a positive correlation between the remuneration and significant exposure to variability of returns of the general partner and the return of the assets under management.

On this basis, the directors of the Company concluded that the Group has no control but significant influence on Portman and, accordingly, classified the interest in Portman as an associate.

(c) The Group invested in Dongxing for 30% of the shareholdings since 2016. In March 2018, a capital injection was made by the immediate holding company of Dongxing amounting to HK$600 million while there was no capital injection made by the Group. Therefore, the percentage of shareholding in Dongxing has been diluted to 5.48% as at 31 December 2020 and remained the same as at 31 December 2021. As the Company has a director seat out of five in the board of Dongxing, Dongxing is accounted for as the Company's associate.

(d) The Group invested in 54.16% of 南京颐乐 in 2018 through two limited partnerships owned by the Group. The general partner has sole power on the relevant activities of the partnerships. The general partner of these two partnerships is an associate of the Group. In the opinion of the directors of the Company, the Group has only significant influence over these partnerships and thus 南京颐乐. Accordingly, the interests in 南京颐乐 have been classified as an associate of the Group.

17 Interests in associates and joint ventures (continued)

Notes (continued) :

(e) As of 31 December 2021, the Group held 16.21% (2020 : 17.21%) of 露笑科技 and appointed two directors out of nine in the board of 露笑科技. In the opinion of the directors, the Group has significant influence over it and the interests have been accounted for as an associate of the Group. Under HKAS 28, management is allowed to elect to measure its investment at fair value instead of accounting for under the equity method if the investment is held by, or is held indirectly through, a venture capital organisation. As the investment was held by a venture capital organisation of the Group and management aims to hold this investment for a medium-term and would seek to exit upon expiration of the investment period, the Group has elected to measure this investment at fair value instead of accounting for under the equity method. Consequently, the Group elects to account for this investment as an associate measured at fair value through profit or loss. As of 31 December 2021, the fair value of the investment is HK$4,405,281,000 (2020: HK$2,072,498,000).

17 Interests in associates and joint ventures (continued)

(i) Summarised financial information for associates and joint ventures

Summarised financial information in respect of each of the Group's material associates and joint ventures is set out below. The summarised financial information below represents amounts shown in the associates and joint ventures' financial statements prepared in accordance with HKFRSs.

The tables below provide summarised financial information for those associates and joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

All of these associates and joint ventures are accounted for using the equity method in these consolidated financial statements.

	江苏顺风		Portman		RXR		露笑科技	
	2021	2020	2021	2020	2021	2020	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Current assets	10,734,365	10,535,201	74,070	96,347	81,958	199,838	1,750,202	4,076,384
Non-current assets	3,127,563	3,665,028	442,193	445,760	3,676,235	3,724,921	5,340,517	5,512,504
Current liabilities	(7,344,848)	(6,014,791)	(1,097)	(1,138)	(22,090)	(42,157)	(631,532)	(3,527,732)
Non-current liabilities	(443,739)	(654,708)	-	-	(2,546,564)	(2,530,692)	(1,799,445)	(2,383,801)
Revenue	8,567,928	12,466,810	31,958	26,509	(162,940)	112,845	3,279,320	908,208
Profit/(loss) and total comprehensive income/(expense) for the year	127,519	134,968	(136,829)	(284,935)	(37,215)	(343,357)	554,313	47,211
Dividend received from the associates and joint ventures during the year	-	-	-	-	5,616	-	-	-

17 Interests in associates and joint ventures (continued)

(i) Summarised financial information for associates and joint ventures (continued)

Reconciliation of the above summarised financial information to the carrying amounts of the interests in the associates and joint ventures recognised in these consolidated financial statements:

	江苏顺风		Portman		RXR	
	2021 HK$'000	2020 HK$'000	2021 HK$'000	2020 HK$'000	2021 HK$'000	2020 HK$'000
Net assets of the associates and joint ventures	6,073,341	7,530,730	515,166	540,969	1,189,539	1,351,910
Proportion of the Group's ownership interest in the associates and joint ventures	27.27%	-	96.75%	80.54%	49%	49%
	1,656,200	-	498,423	435,696	582,874	662,436
Adjustments	516,882	-	(174,121)	(61,583)	42	(163,157)
Carrying amount of the Group's interest in the associates and joint ventures	2,173,082	-	324,302	374,113	582,916	499,279

<u>Aggregate information of associates and joint ventures that are not individually material</u>

	2021 HK$'000	2020 HK$'000
The Group's share of (losses)/profits	(421,216)	267,397
Aggregate carrying amount of the Group's interests in these associates and joint ventures	2,468,727	3,690,167

17 Interests in associates and joint ventures (continued)

(i) Summarised financial information for associates and joint ventures (continued)

Movement of interests in an associate measured at fair value

	Total HK$'000
At 1 January 2020	1,189,806
Fair value changes from investment in an associate measured at FVPL (Note 7)	723,865
Exchange realignment	158,827
At 31 December 2020 and 1 January 2021	2,072,498
Fair value changes from investment in an associate measured at FVPL (Note 7)	2,257,867
Exchange realignment	74,916
As at 31 December 2021	4,405,281

18 Financial assets/liabilities at fair value through profit or loss

	2021 HK$'000	2020 HK$'000
Financial assets		
Financial assets measured at FVPL:		
Equity securities (Note a)	5,592,290	4,130,938
Debt and convertible debt securities	8,554,706	12,083,013
Derivatives (Note a)	838,923	1,559,704
Investment funds	6,148,494	5,988,410
Total return swap contracts (Note b)	5,046,944	5,172,210
Collateralised loan obligations ("CLOs") (Note c)	1,938,143	2,109,726
Wealth management products issued by banks	302,086	2,656,710
Distressed debt assets	203,472	442,783
	28,625,058	34,143,494
Less: non-current portion	(3,987,066)	(8,951,346)
Current portion	24,637,992	25,192,148
Financial liabilities		
Financial liabilities measured at FVPL:		
Listed equity securities	1,488,940	563,541
Debt and convertible debt securities	54,451	-
Derivatives (Note a)	2,246,954	540,729
	3,790,345	1,104,270
Less: non-current portion	(2,286,692)	(525,149)
Current portion	1,503,653	579,121

Changes in fair values are recorded as other gains or losses in the consolidated statement of profit or loss.

18 Financial assets/liabilities at fair value through profit or loss (continued)

Notes:

(a) As at 31 December 2021, equity securities of approximately HK$1,085,466,000 (2020: HK$1,026,094,000) have guarantee returns. The Group entered into agreements with the respective issuer/controlling shareholder of these equity securities that these issuers/controlling shareholders will guarantee the Group certain percentage of returns on the investments in these equity securities at the end of the specified periods (the "Guarantee Returns"). In addition, the Group entered into agreements with the respective issuer/controlling shareholder of certain equity securities that the Group will share with the respective issuer/controlling shareholder certain percentage of returns that exceed the Guarantee Returns. The fair values of these derivative financial assets arising from Guarantee Returns is approximately HK$40,553,000 (2020: HK$572,729,000).

As at 31 December 2021 and 2020, pursuant to the investment agreements, the Group is entitled to a fixed percentage of returns on the initial investment amount for the Group's investment in an associate with a total carrying amount of approximately HK$165,507,000 (2020: HK$286,654,000). The fair values of the derivative financial assets are approximately HK$418,736,000 (2020: HK$209,645,000). The remaining balances included in the derivatives represent warrants and equity options.

In addition, as at 31 December 2021, pursuant to the investment agreements, the parent company of the Group's investment in an associate is able to exercise an option to repurchase the shares at a designed price within the specified period. Pursuant to the agreement, the Group is required to share certain percentage of realised gains to the parent company shall the selling price exceed a specified percentage of return. The fair value of the derivatives financial liabilities arising from such realised gains apportionment is approximately HK$2,144,109,000 and recognised under "financial liabilities at fair value through profit or loss" (2020: HK$525,149,000).

(b) During the years ended 31 December 2021 and 2020, the Group entered into total return swap contracts with financial institutions, in which the Group is subject to interest and fair value changes of the underlying securities in these contracts and pays fixed interest to the counterparties.

(c) Balance represents the Group's investments in the CLO equity tranches. The underlying investments of a CLO usually consists of debt instruments including fixed rate and floating rate bonds and loans.

19 Financial assets at fair value through other comprehensive income

	2021 HK$'000	2020 HK$'000
Financial assets designated at FVOCI		
- Equity securities listed in Hong Kong	73,428	186,580
- Unlisted equity investment	-	148,036
Debt securities listed overseas	190,462	-
	263,890	334,616

The above equity investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate the investments in equity instruments as at FVOCI as they believe that recognising short-term fluctuations in the investment's fair value in profit or loss would not be consistent with the Group's strategy of holding the investments for long-term purposes and realising their performance potential in the long run.

20 Loans, other receivables and prepaid expenses

	2021 HK$'000	2020 HK$'000
Loan receivables	26,209,620	29,904,821
Less: impairment allowances on loan receivables	(6,390,805)	(7,561,967)
Loan receivables, net (Note c)	19,818,815	22,342,854
Interest receivables	343,929	367,413
Dividend receivables	550	5,148
Receivables from immediate holding company (Note a)	2,702,175	1,070,377
Receivables from related parties	335,190	364,866
Deposits with brokers and broker receivables	2,267,540	1,319,311
Prepaid expenses	17,039	42,515
Other receivables (Note b)	4,853,869	4,484,793
Less: impairment allowances on other receivables (Note b)	(590,006)	(537,644)
	29,749,101	29,459,633
Less: non-current portion	(7,048,314)	(7,641,814)
Current portion	22,700,787	21,817,819

20 Loans, other receivables and prepaid expenses (continued)

Notes:

(a) Amounts being interest-free, unsecured and repayable on demand.

(b) As at 31 December 2021, included in other receivables were receivables of approximately HK$3,688,608,000 (2020: HK$4,396,843,000) from independent third parties arising from the Group's disposals of loan receivables, investments at FVPL, investments at FVOCI and interests in associates and joint ventures.

(c) Loan receivables are analysed by industry as follows:

	2021 HK$'000	2020 HK$'000
Real estate	9,833,987	11,956,133
Energy	3,454,408	5,500,567
Manufacturing	6,126,623	5,738,732
Media	2,175,645	2,171,942
Other industries	4,618,957	4,537,447
	26,209,620	29,904,821

Details of credit risk and impairment assessment are disclosed in note 3.

21 Cash and bank balances

	2021 HK$'000	2020 HK$'000
Cash and bank balances	9,105,478	6,611,117
Less: Restricted cash	(254,871)	-
Less: Time deposits with maturity over three months	(647,425)	-
Cash and cash equivalents	8,203,182	6,611,117

As at 31 December 2021 and 2020, the Group's cash and cash equivalents comprise cash in hand, balances with banks and short-term bank deposits carrying prevailing market interest rates with original maturities of three months or less.

As at 31 December 2021, an aggregate amount of approximately HK$3,655,209,000 (2020: HK$1,470,507,000) of the Group's cash and cash equivalents was denominated in Renminbi ("RMB") and not freely convertible into other currencies.

As at 31 December 2021, the cash and cash equivalents of approximately HK$1,678,173,000 (2020: HK$1,189,300,000) were denominated in currencies other than the functional currencies of the respective Group entities.

22 Other payables and accruals

	2021 HK$'000	2020 HK$'000
Interest payables	633,285	557,180
Payables to immediate holding company (Note)	1,785,020	1,785,018
Payables to related parties (Note)	691,889	310,428
Payroll payables	97,904	88,369
Broker payables	610,413	1,543,938
Other payables and accruals	678,645	500,700
	4,497,156	4,785,633

Note: Amounts being interest-free, unsecured and repayable on demand.

23 Third-party interests in consolidated investment funds

Third-party interests represent third-party investors' interests in consolidated investment funds which are reflected as liabilities since they can be put back to the Group for cash. The realisation of third-party interests in these consolidated investment funds cannot be predicted with accuracy since these represent the interests of third-party investors in consolidated investment funds that are subject to market risk and the actions of third-party investors. The non-current third-party interests in consolidated investment funds on the consolidated statement of financial position represent the interests that are restricted by a lock-up period during which the third parties cannot redeem their participating shares. As at 31 December 2021 and 2020, the remaining term of the lock-up period is over one year.

24 Borrowings

	2021 HK$'000	2020 HK$'000
Bank borrowings - unsecured	13,474,619	9,989,692
Other borrowings - unsecured	-	886,944
	13,474,619	10,876,636
The carrying amount of the above borrowings is repayable:		
Within one year	13,113,144	10,876,636
More than one year (Note)	361,475	-
	13,474,619	10,876,636
Less: Amount due within one year shown under current liabilities	(13,113,144)	(10,876,636)
Amount shown under non-current liabilities	361,475	-

Bank borrowings with an aggregate carrying amount of approximately HK$13,474,619,000 (2020: HK$9,989,692,000) were borrowings from various financial institutions.

24 Borrowings (Continued)

Bank borrowings bear fixed interest rates or variable interest rates linked to the Hong Kong Interbank Offered Rate ("HIBOR"), the London Interbank Offered Rate ("LIBOR") and the rates offered by the People's Bank of China. As at 31 December 2021, the average effective interest rate of bank borrowings is 3.84% (2020: 4.12%) per annum.

The directors consider that the carrying amounts of borrowings recognised in the consolidated financial statements approximate their fair values.

As at 31 December 2021, borrowings with an aggregate carrying amount of approximately HK$6,802,642,000 (2020: HK$4,088,707,000) were denominated in currencies other than the functional currencies of the respective Group entities.

Note: Pursuant to the borrowing agreements and repayment schedules, the principals of the borrowings will be repaid, by instalments, starting from the drawdown dates.

25 Bonds and notes payables

	2021 HK$'000	2020 HK$'000
Bonds:		
Denominated in RMB, carries 4.8% annual coupon, repayable in 2021 (Note a)	-	366,604
Denominated in RMB, carries 5.0% annual coupon, repayable in 2021 (Note b)	-	555,818
Denominated in US$, carries 3.875% semi-annual coupon, repayable in 2024 (Note c)	3,119,348	3,090,045
Denominated in US$, carries 4.5% semi-annual coupon, repayable in 2029 (Note c)	2,303,950	2,282,679
Denominated in RMB, carries 5.28% annual coupon, repayable in 2024 (Note d)	3,429,190	3,304,043
Denominated in US$, carries 2.875% semi-annual coupon, repayable in 2024 (Note e)	3,088,161	3,056,911
Denominated in US$, carries 3.5% semi-annual coupon, repayable in 2029 (Note e)	3,858,167	3,821,498
Denominated in RMB, carries 4.0% annual coupon, repayable in 2024 (Note f)	1,225,179	1,181,418
Denominated in RMB, carries 4.17% annual coupon, repayable in 2025 (Note g)	2,448,451	2,361,167
Denominated in RMB, carries 3.79% annual coupon, repayable in 2024 (Note h)	1,225,090	1,181,343
Denominated in US$, carries 1.875% semi-annual coupon, repayable in 2025 (Note i)	3,480,580	3,447,493
Denominated in US$, carries 2.75% semi-annual coupon, repayable in 2030 (Note i)	2,316,747	2,295,311
Denominated in RMB, carries 4.11% semi-annual coupon, repayable in 2023 (Note j)	611,876	-
Denominated in RMB, carries 4.40% semi-annual coupon, repayable in 2023 (Note k)	366,846	-
Medium-term notes:		
Denominated in US$, carries 5% semi-annual coupon, repayable in 2024 (Note l)	3,073,568	3,083,980
Denominated in US$, carries 2.375% semi-animal coupon, repayable in 2021 (Note m)	-	5,007,025
Denominated in RMB, 5.5% semi-annual coupon, repayable in 2025 (Note n)	3,053,495	2,944,589
Denominated in US$, carries 4.5% semi-annual coupon, repayable in 2026 (Note o)	1,744,183	1,717,752
Denominated in US$, carries 4.375% semi-annual coupon, repayable in 2027 (Note p)	7,812,059	7,721,080
	43,156,890	47,418,756
Less: non-current portion	(37,277,431)	(41,489,309)
Current portion	5,879,459	5,929,447

25 Bonds and notes payables (continued)

Notes:

(a) On 30 May 2016, the Company's wholly owned subsidiary, 东方资产管理(中国)有限公司 ("东方中国"), issued RMB-denominated bonds with an aggregate principal amount of RMB1,000 million to independent third parties. These bonds bear interest at 4.8% per annum and will mature on 30 May 2021. Interest is payable annually in arrears. These bonds were issued with an original maturity of five years and an option to enable the investors to procure 东方中国 to redeem these bonds after three years from the date of issuance.

(b) On 26 July 2016, the Company's wholly owned subsidiary, 东方中国, issued RMB-denominated bonds with an aggregate principal amount of RMB2,000 million to independent third parties. These bonds bear interest at 5.0% per annum and will mature on 26 July 2021. Interest is payable annually in arrears. These bonds were issued with an original maturity of five years and an option to enable the investors to procure 东方中国 to redeem these bonds after three years from the date of issuance.

(c) On 20 March 2019, the Company's wholly owned subsidiary, Joy Treasure Assets Holdings Inc. ("Joy Treasures"), issued a US$400,000,000 bond at 3.875% per annum and will mature on 20 March 2024 and a US$300,000,000 bond at 4.5% per annum and will mature on 20 March 2029, both of which are listed on the Stock Exchange of Hong Kong Limited ("HKEx").

(d) On 22 April 2019, the Company's wholly owned subsidiary, 东方中国, issued a RMB2,800,000,000 bond at 5.28% per annum and will mature on 22 April 2024. The bond was issued with an original maturity of five years and an option to enable the investors to procure the Group to redeem the bond after three years from the date of issuance.

(e) On 24 September 2019, the Company's wholly owned subsidiary, Joy Treasures, issued a US$400,000,000 bond at 2.875% per annum and will mature on 24 September 2024 and a US$500,000,000 bond at 3.5% per annum and will mature on 24 September 2029, both of which are listed on the HKEx.

(f) On 24 February 2020, the Company's wholly owned subsidiary, 东方中国, issued a RMB1,000,000,000 bond at 4% per annum and will mature on 24 February 2024. The bond was issued with an original maturity of four years and an option to enable the investors to procure the Group to redeem the bond after two years from the date of issuance.

(g) On 24 February 2020, the Company's wholly owned subsidiary, 东方中国, issued a RMB2,000,000,000 bond at 4.17% per annum and will mature on 24 February 2025. The bond was issued with an original maturity of five years and an option to enable the investors to procure the Group to redeem the bond after three years from the date of issuance.

(h) On 24 March 2020, the Company's wholly owned subsidiary, 东方中国, issued a RMB1,000,000,000 bond at 3.79% and will mature on 24 March 2024. The bond was issued with an original maturity of four years and an option to enable the investors to procure the Group to redeem the bond after two years from the date of issuance.

(i) On 17 November 2020, the Company's wholly owned subsidiary, Joy Treasure Assets Holdings Inc. ("Joy Treasures"), issued a US$450,000,000 bond at 1.875% per annum and will mature on 17 November 2025 and a US$300,000,000 bond at 2.75% per annum and will mature on 17 November 2030, both of which are listed on the Stock Exchange of Hong Kong Limited ("HKEx").

25 Bonds and notes payables (continued)

Notes: (continued)

(j) On 6 April 2021, the Company's wholly owned subsidiary, 东方中国, issued a RMB500,000,000 bond at 4.11% per annum and will mature on 6 April 2023.

(k) On 25 November 2021, the Company's wholly owned subsidiary, 东方中国, issued a RMB300,000,000 bond at 4.4% per annum and will mature on 25 November 2023.

On 4 September 2014, the Company's wholly owned subsidiary, Charming Light Investments Ltd. ("Charming Light"), established a US$2,000 million medium-term note programme (the "Medium-Term Notes"). During 2016 and 2017, Charming Light expanded the Medium-Term Notes to US$4,000 million and US$8,000 million, respectively. The details of medium-term notes are presented as follows:

(l) The US$400 million medium-term note at 5% due on 3 September 2024 was issued on 3 September 2014.

(m) The US$650 million medium-term note at 2.375% due on 30 August 2021 was issued on 30 August 2016.

(n) The RMB2,500 million medium-term note at 5.5% due on 29 December 2025 was issued on 29 December 2015.

(o) The US$229 million medium-term note at 4.5% due on 21 December 2026 was issued on 21 December 2016.

(p) The US$1,000 million medium-term note at 4.375% due on 21 December 2027 was issued on 21 December 2017.

The Company's ultimate holding company, COAMC, provides keepwell deed to all the bonds and notes payables in issue under the Medium-Term Notes.

As at 31 December 2021, the bonds and notes payables with an aggregate carrying amount of approximately HK$3,053,495,000 (2020: HK$2,944,589,000) are denominated in currencies other than the functional currencies of the respective Group entities.

26 Share capital

	Number of shares	Share capital HK$
Issued and fully paid		
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021		
- Ordinary shares	2	2

27 Perpetual capital securities

On 21 December 2017, unsubordinated and guaranteed perpetual securities of US$250 million, carrying 4.25% annual distribution rate and listed on the HKEx, were issued by the Company's wholly owned subsidiary, Charming Light, to independent third parties. The net proceeds from the issuance was approximately HK$1,876,824,000 after transaction costs of HK$74,083,000.

These perpetual capital securities have no fixed maturity and distributions are paid semi-annually for the perpetual capital securities issued in 2017 in arrears. Distributions may be deferred at the Group's discretion and in which event, the Company and the issuer would not declare/pay any dividends or distributions, redeem, reduce, cancel or buy-back any of the Company's and/or the issuer's share capital. The perpetual capital securities are redeemable at the Group's option.

28 Disposal of subsidiaries

During the year ended 31 December 2021, the Group sold equity of four subsidiaries, which are Everfree Investment Holdings Inc., Key Sources Development Ltd., Sheen Vision Holdings Inc. and Silver Legend Asset Holdings Inc.. Accordingly, as at 31 December 2021, the Group does not have control over those subsidiaries.

Analysis of assets and liabilities over which control was lost

	2021 HK$'000
Assets	
Financial assets at FVPL	203,436
Loans and other receivables	635,772
Assets disposed of	839,208
Net assets disposed of	839,208

Gain on disposal of subsidiary

	2021 HK$'000
Consideration received/receivable	1,118,937
Net assets disposed of	(839,208)
Gain on disposal	279,729

28 Disposal of subsidiaries (continued)

<u>Net cash inflow arising on disposal</u>

	2021 HK$'000
Cash consideration	566,575
Less: cash and cash equivalents disposed of	-
	566,575

29 Capital commitments

At 31 December 2021, the Group had commitments of approximately HK$2,496,551,000 (2020: HK$3,070,270,000) in respect of capital contributions to limited partnerships.

30 Related party transactions

Other than as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties during the year:

	2021 HK$'000	2020 HK$'000
Administrative expense - fellow subsidiaries	3,611	-
Interest expense - ultimate holding company	-	12,054

COAMC provided keepwell deed to the Group for certain of its bonds and notes payables in issue during both years. Details of the securities issued are disclosed in note 25.

The Group is controlled by COAMC, which is indirectly controlled by the PRC government through the Ministry of Finance (the "MOF"). The MOF is the major shareholder of COAMC as at 31 December 2021 and 2020. For the current and prior years, the Group undertook transactions with certain entities directly or indirectly controlled by the PRC government, including but not limited to making bank deposits, receiving banking facilities, renting properties, rendering and obtaining other services. Management is of the opinion that these transactions were conducted on normal business terms and do not require separate disclosures.

31 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of debt, which includes borrowings (Note 24) and bonds and notes payables (Note 25), and equity attributable to owners of the Company, comprising issued share capital, retained earnings, other reserves and perpetual capital securities.

The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risks associated with capital. The Group will balance its overall capital structure through the issue of new debt and the redemption of existing debt.

32 Financial instruments

Categories of financial instruments

	2021 HK$'000	2020 HK$'000
Financial assets		
Financial assets at FVPL		
- measured at FVPL	27,786,135	32,583,790
- derivatives	838,923	1,559,704
Financial assets at FVOCI		
- Equity instruments	73,428	334,616
- Debt instruments	190,462	-
Financial assets at amortised cost	38,837,540	36,028,235
Financial liabilities		
Financial liabilities at FVPL		
- measured at FVPL	3,790,345	1,104,270
- third-party interests in consolidated investment funds	110,224	168,042
Financial liabilities at amortised cost	61,030,760	62,992,656
Lease liabilities	108,223	117,004

Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 Financial instruments (continued)

Fair value measurements of financial instruments (continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value (continued)

Fair value hierarchy

	2021				2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets at FVOCI								
Equity securities	73,428	-	-	73,428	186,580	-	148,036	334,616
Debt securities	-	190,462	-	190,462	-	-	-	-
Financial assets at FVPL								
Equity securities	5,251,791	-	340,499	5,592,290	3,361,906	-	769,032	4,130,938
Derivatives	-	-	838,923	838,923	-	131,693	1,428,011	1,559,704
Debt and convertible debt securities	-	2,177,711	6,376,995	8,554,706	1,547,627	7,280,653	3,254,733	12,083,013
Investment funds	113,380	117,066	5,918,048	6,148,494	223,435	139,541	5,625,434	5,988,410
Total return swap contracts	-	-	5,046,944	5,046,944	-	-	5,172,210	5,172,210
CLOs	-	-	1,938,143	1,938,143	-	-	2,109,726	2,109,726
Wealth management products	-	57,018	245,068	302,086	-	2,656,710	-	2,656,710
Distressed debt assets	-	-	203,472	203,472	-	-	442,783	442,783
Total	5,438,599	2,542,257	20,908,092	28,888,948	5,319,548	10,208,597	18,949,965	34,478,110
Financial liabilities at FVPL								
Equity securities	(1,488,940)	-	-	(1,488,940)	(563,541)	-	-	(563,541)
Debt securities	-	(54,451)	-	(54,451)	-	-	-	-
Derivatives	-	-	(2,246,954)	(2,246,954)	-	(15,580)	(525,149)	(540,729)
Third-party interests in consolidated investment funds	-	-	(110,224)	(110,224)	-	-	(168,042)	(168,042)
Total	(1,488,940)	(54,451)	(2,357,178)	(3,900,569)	(563,541)	(15,580)	(693,191)	(1,272,312)

32 Financial instruments (continued)

Fair value measurements of financial instruments (continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value (continued)

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The level of fair value measurement depends on the lowest level of input that is significant to the entire fair value measurement.

Fair value measurements and valuation processes

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair values, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group uses valuation techniques that include inputs which are not based on observable market data to estimate the fair values of certain types of financial instruments.

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

There were no significant transfers between Level 1 and Level 2 for the years ended 31 December 2021 and 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 **Financial instruments (continued)**

Fair value measurements of financial instruments (continued)

(i) **Fair value of the Group's financial assets and financial liabilities that are measured at fair value (continued)**

Fair value measurements use significant unobservable inputs (level 3). The following table presents the changes in level 3 items for the periods ended 31 December 2021:

	Financial assets at FVPL and Financial assets at FVOCI										Financial liabilities at FVPL		
	Financial assets at fair value through other comprehensive income - equity securities HK$'000	Equity securities HK$'000	Derivatives HK$'000	Debt and convertible debt securities HK$'000	Investment funds HK$'000	Total return swap contracts HK$'000	CLOs HK$'000	Wealth management products HK$'000	Distressed debt assets HK$'000	**Total assets HK$'000**	Derivatives HK$'000	Third-party interests in consolidated funds HK$'000	**Total liabilities HK$'000**
At beginning of the year	148,036	769,032	1,428,011	3,254,733	5,625,434	5,172,210	2,109,726	-	442,783	18,949,965	(525,149)	(168,042)	(693,191)
Total gains or losses recognised													
- in profit or loss	-	12,668	(596,934)	(150,847)	(20,187)	919,561	(208,842)	-	(19,847)	(64,428)	(1,721,805)	(8,700)	(1,730,505)
- in other comprehensive income	179,561	-	-	-	-	-	-	-	-	179,561	-	71,197	71,197
Purchases	-	-	7,846	3,800,447	312,801	354,134	37,259	245,068	-	4,757,555	-	(4,679)	(4,679)
Disposals	(327,597)	(441,201)	-	(527,338)	-	(1,398,961)	-	-	(219,464)	(2,914,561)	-	-	-
At the end of the year	-	340,499	838,923	6,376,995	5,918,048	5,046,944	1,938,143	245,068	203,472	20,908,092	(2,246,954)	(110,224)	(2,357,178)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 **Financial instruments (continued)**

Fair value measurements of financial instruments (continued)

(i) **Fair value of the Group's financial assets and financial liabilities that are measured at fair value (continued)**

The following table presents the changes in level 3 items for the periods ended 31 December 2020:

		Financial assets at FVPL									Financial liabilities at FVPL		
	Financial assets at fair value through other comprehensive income - equity securities HK$'000	Equity securities HK$'000	Derivatives HK$'000	Debt and convertible debt securities HK$'000	Investment funds HK$'000	Total return swap contracts HK$'000	CLOs HK$'000	Wealth management products HK$'000	Distressed debt assets HK$'000	Total assets HK$'000	Derivatives HK$'000	Third-party interests in consolidated funds HK$'000	Total liabilities HK$'000
At beginning of the year	139,538	835,546	1,543,251	3,587,233	8,188,800	3,378,860	2,408,862	-	453,554	20,535,644	-	(149,598)	(149,598)
Total gains or losses recognised								-					
- in profit or loss	-	140,862	(91,907)	(183,849)	(420,341)	(241,344)	(299,136)	-	(10,771)	(1,106,486)	(525,149)	(15,083)	(540,232)
- in other comprehensive income	8,498	-	-	-	-	-	-	-	-	8,498	-	(3,361)	(3,361)
Purchases	-	-	-	2,208,336	262,645	2,464,198	-	-	-	4,935,179	-	-	-
Disposals	-	(207,376)	(23,333)	(2,356,987)	(2,405,670)	(429,504)	-	-	-	(5,422,870)	-	-	-
At the end of the year	148,036	769,032	1,428,011	3,254,733	5,625,434	5,172,210	2,109,726	-	442,783	18,949,965	(525,149)	(168,042)	(693,191)

32 Financial instruments (continued)

Fair value measurements of financial instruments (continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value (continued)

For financial assets at fair value through profit or loss, the total gains or losses recognised, including those for assets held at the end of reporting period, are presented in consolidated statement of profit or loss in "net realised and unrealised gains/(losses)".

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

	Fair value at 31 December 2021	Fair value at 31 December 2020	Fair value hierarchy	Valuation techniques	Unobservable inputs	31 December 2021 Range	31 December 2020 Range	Relationship of unobservable inputs to fair value
Financial assets at FVOCI								
Equity securities	-	148,036	Level 3	Income approach	Weighted average cost of capital ("WACC")	N/A	11.63%	Indirectly correlated
Financial assets at FVPL								
Equity securities	340,499	769,032	Level 3	Allocated net asset value	N/A	N/A	N/A	Directly correlated
				Recent transaction price	N/A	N/A	N/A	Directly correlated
				Indicative quote from potential investor	N/A	N/A	N/A	Directly correlated

32 Financial instruments (continued)

Fair value measurements of financial instruments (continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value (continued)

Valuation inputs and relationships to fair value (continued)

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. (continued)

	Fair value at 31 December 2021	Fair value at 31 December 2020	Fair value hierarchy	Valuation techniques	Unobservable inputs	31 December 2021 Range	31 December 2020 Range	Relationship of unobservable inputs to fair value
Financial assets at FVPL (continued)								
Equity securities				Market approach, income approach	EBITA Multiples, Liquidity discount ("LD"), Weighted average cost of capital	EBITA Multiples:18.96, LD:11.54%, WACC:10.50%	EBITA Multiples:18.96, LD:11.54%, WACC:10.50%	Directly correlated for EBITA Multiples; Indirectly correlated for LD; Indirectly correlated for WACC
Derivatives	838,923	1,428,011	Level 3	Market approach, income approach	EBITA Multiples, Liquidity discount ("LD"), Weighted average cost of capital	N/A	EBITA Multiples:18.96, LD:11.54%, WACC:10.50%	Directly correlated for EBITA Multiples; Indirectly correlated for LD; Indirectly correlated for WACC
				Discounted cash flow	Risk adjusted discount rate	10%	10%	Indirectly correlated
				Black Scholes Model	Share price volatility	44.83%	30.13%	Directly correlated

32 Financial instruments (continued)

Fair value measurements of financial instruments (continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value (continued)

Valuation inputs and relationships to fair value (continued)

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. (continued)

	Fair value at 31 December 2021	Fair value at 31 December 2020	Fair value hierarchy	Valuation techniques	Unobservable inputs	31 December 2021 Range	31 December 2020 Range	Relationship of unobservable inputs to fair value
Debt and convertible debt securities	6,376,995	3,254,733	Level 3	Discounted cash flow	Risk adjusted discount rate	7.07%-11.58%	8%	Indirectly correlated
				Recent transaction price	N/A	N/A	N/A	Directly correlated
				Indicative quote from potential investor	N/A	N/A	N/A	Directly correlated
Investment funds	5,918,048	5,625,434	Level 3	Allocated net asset value	N/A	N/A	N/A	Directly correlated
				Recent transaction price	N/A	N/A	N/A	Directly correlated
				Asset based approach	N/A	N/A	N/A	Directly correlated
Total return swap contracts	5,046,944	5,172,210	Level 3	Quotes from market makers	N/A	N/A	N/A	Directly correlated
CLOs	1,938,143	2,109,726	Level 3	Discounted cash flow	N/A	N/A	N/A	Directly correlated

32 Financial instruments (continued)

Fair value measurements of financial instruments (continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value (continued)

Valuation inputs and relationships to fair value (continued)

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. (continued)

	Fair value at 31 December 2021	Fair value at 31 December 2020	Fair value hierarchy	Valuation techniques	Unobservable inputs	31 December 2021 Range	31 December 2020 Range	Relationship of unobservable inputs to fair value
Financial assets at FVPL (continued)								
Wealth management products	245,068	-	Level 3	Discounted cash flow	Discount rate	1.5%	N/A	Indirectly correlated
Distressed debt assets	203,472	442,783	Level 3	Discounted cash flow	Discount rate	9%	9%	Indirectly correlated
Financial liabilities at FVPL								
Derivatives	(2,246,954)	(525,149)	Level 3	Black Scholes Model	Share price volatility	62%	30.13%	Directly correlated
Third-party interests in consolidated investment funds	(110,224)	(168,042)	Level 3	Allocated net asset value	N/A	N/A	N/A	Directly correlated

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

32 Financial instruments (continued)

Fair value measurements of financial instruments (continued)

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value

The fair values of the Group's financial assets and financial liabilities measured at amortised cost were determined with reference to generally accepted pricing models based on a discounted cash flow analysis using prices or rates from observable current market transactions as inputs.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values, except for certain non-current borrowings, bonds and notes payables.

33 Cash flow information

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest payables HK$'000	Payables to ultimate holding company, immediate holding company and related parties HK$'000	Lease liabilities HK$'000	Third-party interests in consolidated investment funds HK$'000	Borrowings HK$'000	Bonds and notes payables HK$'000
At 1 January 2020	395,774	2,038,516	159,570	149,598	22,715,748	42,433,998
Financing cash flows	(2,178,138)	56,930	(50,770)	-	(11,806,464)	4,643,174
Non-cash changes:						
Interest expenses	2,339,544	-	5,626	-	-	125,720
Share of profits by third-party interests in consolidated investment funds	-	-	-	15,083	-	-
Effect of foreign exchange rates	-	-	2,578	3,361	(32,648)	215,864
At 31 December 2020 and 1 January 2021	557,180	2,095,446	117,004	168,042	10,876,636	47,418,756
Financing cash flows	(2,083,496)	381,463	(56,149)	4,680	2,644,565	(4,566,021)
Non-cash changes:						
Interest expenses	2,159,601	-	4,036	-	-	115,892
Share of profits by third-party interests consolidated investment funds	-	-	-	8,700	-	-
Additions of leases			41,102			
Payable to third-party interests in consolidated investment funds				(74,746)		
Effect of foreign exchange rates	-	-	2,230	3,548	(46,582)	188,263
At 31 December 2021	633,285	2,476,909	108,223	110,224	13,474,619	43,156,890

33 Cash flow information (continued)

(b) Non-cash activities

In the year ended 31 December 2021, major non-cash activities include (i) Additions of right-of-use assets amounting to HK$41,102,000 (note 15), (ii) investment in an associate 江苏顺风 (note 17) which was exchanged with consideration of loan receivables in equal value amounting to HK$2,173,082,000, and (iii) foreclosed assets (note 14) which was exchanged with consideration of loan receivables in equal value amounting to HK$1,393,019,000.

34 Particulars of principal subsidiaries of the company and consolidated structured entities

General information of principal subsidiaries

The following table lists the principal subsidiaries and consolidated structured entities of the Company which, in the opinion of the directors of the Company, principally affected the results, assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

Details of the principal subsidiaries directly or indirectly held by the Company at the end of the reporting period are set out below.

Name of subsidiary	Place of incorporation/ registration/ operations	Interest held		Principal activities
		2021	2020	
深圳祥源投资有限公司	PRC	90%	90%	Investment holding
深圳东方创业投资有限公司	PRC	100%	100%	Investment holding
深圳前海东方创业金融控股有限公司	PRC	100%	100%	Investment holding
Glory Rainbow Holdings Inc.	British Virgin Islands ("BVI")	100%	100%	Investment holding
Sino Trinity Investments Limited	Hong Kong	100%	100%	Investment holding
Sino Progress Investments Limited	Hong Kong	100%	100%	Investment holding
Sino Glister Limited	Hong Kong	100%	100%	Investment holding
Sino Gallery Limited	Hong Kong	100%	100%	Investment holding
Master Elite Limited	Hong Kong	100%	100%	Investment holding
Legend Access Investments Limited	Hong Kong	100%	100%	Investment holding
China Orient Multi Strategy Fund	Cayman Islands	97.60%	97.75%	Investment holding
东方资产管理(中国)有限公司	PRC	100%	100%	Investment holding
东方弘远国际投资有限公司	PRC	100%	100%	Investment holding
China Orient International Asset Management Limited	Hong Kong	100%	100%	Financial advisory
China Orient International Fund Management Limited	Cayman Islands	100%	100%	Investment holding
Billion Capital Shine Inc.	BVI	100%	100%	Investment holding
Dorado International Investments Ltd.	BVI	100%	100%	Investment holding
Blooming Rose Enterprises Corp.	BVI	100%	100%	Investment holding
Power Rider Enterprises Corp.	BVI	100%	100%	Investment holding
Bright Merit Resources Inc.	BVI	100%	100%	Investment holding
State Best Holdings Inc.	BVI	100%	100%	Investment holding
Surplus Delight Holdings Inc.	BVI	100%	100%	Investment holding

34 Particulars of principal subsidiaries of the company and consolidated structured entities (continued)

General information of principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ registration/ operations	Interest held 2021	Interest held 2020	Principal activities
China Orient Advisors Inc.	USA	100%	100%	Management/ advisory services
Charming Light Investments Ltd.	BVI	100%	100%	Investment holding
Maxi Charm Enterprise Ltd.	BVI	100%	100%	Investment holding
Super Vision Resources Ltd.	BVI	100%	100%	Investment holding
Best Capital Strategies Ltd.	BVI	100%	100%	Financial advisory
Skymore Enterprises Inc.	BVI	100%	100%	Investment holding
Million Plus Development Inc.	BVI	100%	100%	Investment holding
Ascent Choice Holdings Limited	BVI	100%	100%	Investment holding
Optimus Prime Management Ltd.	BVI	100%	100%	Investment holding
COS Ferris 2 Co., Ltd.	Cayman Islands	100%	100%	Investment holding
Lucky Charm Development Inc.	BVI	100%	100%	Investment holding
Wisdom Mind Holdings Corp.	BVI	100%	100%	Investment holding
Chunlap Group Limited	Hong Kong	100%	100%	Investment holding
TT Promenade, Inc.	USA	100%	100%	Investment holding
Joy Treasure Assets Holdings Inc.	BVI	100%	100%	Investment holding
Express Will Asset Holdings Inc.	BVI	100%	100%	Investment holding
China Orient Stable Income Fund SPI	Cayman Islands	100%	100%	Investment holding
China Orient Enhanced Income Fund	Cayman Islands	100%	100%	Investment holding
China Orient Alternative Investment Fund	Cayman Islands	100%	100%	Investment holding
Goldmark Success Ltd.	BVI	100%	100%	Investment holding
Amore Resources Ltd.	BVI	85%	85%	Investment holding
宁波梅山保税港区东芷投资合伙企业(有限合伙)	PRC	98.8%	98.8%	Investment holding
宁波梅山保税港区东崟投资合伙企业(有限合伙)	PRC	98.8%	98.8%	Investment holding
宁波梅山保税港区东峪投资合伙企业(有限合伙)	PRC	98.8%	98.8%	Investment holding

35 Other reserves

	Exchange reserve HK$'000	Fair value reserve HK$'000	Share of reserves of associates and joint ventures HK$'000	Other reserve HK$'000	Total HK$'000
At 1 January 2020	(361,174)	(858,345)	18,310	17,975	(1,183,234)
Exchange differences on translating foreign operations	496,410	–	1,115	–	497,525
Net gains arising from fair value changes in investments at FVOCI net of tax	-	50,507	–	–	50,507
Transfer of loss of disposal of equity investments at fair value through other comprehensive income to retained earnings	-	118,481	-	-	118,481
Disposal of interests in associates and joint venture	(3,267)	-	-	-	(3,267)
At 31 December 2020 and 1 January 2021	131,969	(689,357)	19,425	17,975	(519,988)
Exchange differences on translating foreign operations	201,892	(20,207)	702	–	182,387
Net losses arising from fair value changes in investments at FVOCI net of tax	-	(287,694)	-	-	(287,694)
Transfer of loss of disposal of investments at fair value through other comprehensive income to retained earnings	-	399,654	-	-	399,654
At 31 December 2021	333,861	(597,604)	20,127	17,975	(225,641)

36 Statement of financial position and reserves of the Company

	2021 HK$'000	2020 HK$'000
ASSETS		
Non-current assets		
Equipment	3,564	7,708
Right-of-use assets	44,551	79,504
Deferred tax assets	561,145	694,724
Investments in subsidiaries	9,314,853	9,314,853
Interests in associate	138,230	177,796
Other assets	150	150
Financial assets at fair value through profit or loss	2,531,284	7,236,347
Financial assets at fair value through other comprehensive income	73,428	186,580
	12,667,205	17,697,662
Current assets		
Financial assets at fair value through profit or loss	5,579,349	3,371,636
Loans, other receivables and prepaid expenses	51,717,938	51,427,005
Cash and cash equivalents	1,746,510	1,429,012
	59,043,797	56,227,653
Total assets	71,711,002	73,925,315
Current liabilities		
Other payables and accruals	67,047,058	71,181,361
Tax payable	54,841	-
Financial liabilities at fair value though profit or loss	361,283	-
Borrowings	6,802,642	5,708,707
Lease liabilities	37,266	35,985
	74,303,090	76,926,053
Net current liabilities	(15,259,293)	(20,698,400)
Total assets less current liabilities	(2,592,088)	(3,000,738)
Non-current liabilities		
Lease liabilities	9,522	46,788
Deferred tax liabilities	16,306	-
	25,828	46,788
Net liabilities	(2,617,916)	(3,047,526)

36 **Statement of financial position and reserves of the Company (continued)**

	2021 HK$'000	2020 HK$'000
EQUITY		
Share capital	-	-
Fair value reserve	(243,506)	(130,354)
Other reserve	109,857	109,857
Accumulated losses	(2,484,267)	(3,027,029)
Total deficit	(2,617,916)	(3,047,526)

The statement of financial position was approved and authorised for issue by the board of directors on 08 APR 2022 and is signed on its behalf by:

ZHOU Jidong
Director

WANG Letian
Director

36 Statement of financial position and reserves of the Company (continued)

Movement in the Company's reserves

	Fair value reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2020	(331,433)	109,857	(1,957,525)	(2,179,101)
Loss for the year	-	-	(951,023)	(951,023)
Net gains arising from fair value changes in investments at FVOCI, net of tax	82,598	-	-	82,598
Total comprehensive expense for the year	82,598	-	(951,023)	(868,425)
Transfer of loss of disposal of equity investments at fair value through other comprehensive income to retained earnings	118,481	-	(118,481)	-
At 31 December 2020 and 1 January 2021	(130,354)	109,857	(3,027,029)	(3,047,526)
Profit for the year	-	-	542,762	542,762
Net losses arising from fair value changes in investments at FVOCI, net of tax	(113,152)	-	-	(113,152)
Total comprehensive income for the year	(113,152)	-	542,762	429,610
At 31 December 2021	(243,506)	109,857	(2,484,267)	(2,617,916)

37 Approval of the consolidated financial statements

The consolidated financial statements were approved and authorised for issue by the board of directors on 8 April 2022.

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APPENDIX 2 – PRICING SUPPLEMENT DATED 26 MARCH 2024

Pricing Supplement

This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**")) (the "**Professional Investors**") only.

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This pricing supplement (the "**Pricing Supplement**") includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. The Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this Pricing Supplement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Additional Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Additional Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Additional Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Additional Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Additional Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Additional Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the **SFA**) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Additional Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and are Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

Pricing Supplement dated 26 March 2024

Joy Treasure Assets Holdings Inc. (the "Issuer")

Issue of U.S.$200,000,000 5.50 per cent. Guaranteed Notes due 2027 (the "Additional Notes")
(to be consolidated and form a single series with the U.S.$550,000,000 5.50 per cent. Guaranteed Notes due 2027 issued on 1 February 2024 (the "Original Notes", together with the Additional Notes, the "Notes"))
unconditionally and irrevocably guaranteed by
China Orient Asset Management (International) Holding Limited
中國東方資產管理(國際)控股有限公司
(the "Guarantor")

under the U.S.$1,400,000,000 Medium Term Note Programme (the "Programme")

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

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Offering Circular dated 25 January 2024 (the "**Offering Circular**"). This Pricing Supplement contains the final terms of the Additional Notes and must be read in conjunction with such Offering Circular. Full information on the Issuer, the Guarantor and the offer of the Additional Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular.

1	(i)	Issuer:	Joy Treasure Assets Holdings Inc.
	(ii)	Guarantor:	China Orient Asset Management (International) Holding Limited 中國東方資產管理(國際)控股有限公司
2	(i)	Series Number:	001
	(ii)	Tranche Number:	002
	(iii)	Date on which the Additional Notes will be consolidated and form a single Series with the Original Notes:	Issue Date
3		Specified Currency or Currencies	United States dollars ("**U.S.$**")
4		Aggregate Nominal Amount:	
	(i)	Series:	U.S.$750,000,000
	(ii)	Tranche:	U.S.$200,000,000

5	(i)	Issue Price:	99.374 per cent. of the Aggregate Nominal Amount, plus accrued interest from (and including) 1 February 2024 to (but excluding) the Issue Date
	(ii)	Gross proceeds:	Approximately U.S.$200,704,000 (taking into account of the accrued interest of the Additional Notes from (and including) 1 February 2024 to (but excluding) the Issue Date)
	(iii)	Use of Proceeds:	The Issuer intends to use the net proceeds from the offering of the Additional Notes for the repayment of existing offshore indebtedness of the Group
6	(i)	Specified Denominations:	U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof
	(ii)	Calculation Amount:	U.S.$1,000
7	(i)	Issue Date:	5 April 2024
	(ii)	Interest Commencement Date:	1 February 2024
8	Maturity Date:		1 February 2027
9	Interest Basis:		5.50 per cent. Fixed Rate (further particulars specified below)
10	Redemption/Payment Basis:		Redemption at par
11	Change of Interest Basis or Redemption/Payment Basis:		Not Applicable
12	Put/Call Options:		Call Option (further particulars specified below)
13	Date of NDRC Certificate:		29 December 2023
14	Listing:		The Hong Kong Stock Exchange (the expected effective listing date of the Additional Notes is on or around 8 April 2024)
15	Method of distribution:		Syndicated

Provisions Relating to Interest (if any) Payable

16	Fixed Rate Note Provisions:		Applicable
	(i)	Rate of Interest:	5.50 per cent. per annum payable semi-annually in arrear
	(ii)	Interest Payment Date(s):	1 February and 1 August in each year,

		commencing on 1 August 2024
	(iii) Fixed Coupon Amount(s) (Applicable to Additional Notes in definitive form):	U.S.$27.5 per Calculation Amount
	(iv) Broken Amount(s) (Applicable to Additional Notes in definitive form):	Not Applicable
	(v) Day Count Fraction:	30/360
	(vi) Other terms relating to the method of calculating interest for Fixed Rate Notes:...........	None
17	Floating Rate Note Provisions:....................................	Not Applicable
18	Zero Coupon Note Provisions:	Not Applicable
19	Dual Currency Note Provisions:	Not Applicable

Provisions Relating to Redemption

20	Call Option:	Applicable
	(i) Optional Redemption Date(s):............................	The Issuer may, at its option, at any time and from time to time redeem the Notes, in whole or in part, in accordance with Condition 6(d), as amended by the below
	(ii) Optional Redemption Amount and method, if any, of calculation of such amount(s):................	If the Optional Redemption Date falls prior to 1 November 2026 (being the date falling three months prior to the Maturity Date) (the "**Par Call Date**"), an amount equal to the greater of (1) 100 per cent. of the nominal amount of the Note and (2) (a) the sum of the then current values of the remaining scheduled payments of principal and interest discounted to the Optional Redemption Date (assuming the Notes matured on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 25 basis points less (b) interest accrued to the Optional Redemption Date. If the Optional Redemption Date falls on or after the Par Call Date, an amount equal to 100 per cent. of the nominal amount of the Note. For these purposes, "**Comparable Treasury Issue**" means the United States Treasury security selected by an Independent Investment Bank that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate

debt securities maturing on, or with a maturity that is closest to, the Par Call Date, as applicable.

"**Comparable Treasury Price**" means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Issuer obtains fewer than three such Reference Treasury Dealer Quotations, the average of all quotations obtained.

"**Independent Investment Bank**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise selected and appointed by the Issuer.

"**Reference Treasury Dealer**" means each of any three investment banks of recognized standing that is a primary U.S. government securities dealer in the United States, selected by the Issuer in good faith.

"**Reference Treasury Dealer Quotations**" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Issuer, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference Treasury Dealer as of 5:00 p.m., New York City time, on the third Business Day preceding such date of redemption.

"**Treasury Rate**" means, with respect to any date of redemption, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, computed as of the third Business Day immediately preceding such redemption date).

(iii) If redeemable in part:

(a) Minimum Redemption Amount: .... U.S.$200,000

(b) Maximum Redemption Amount: .... Not Applicable

(iv) Notice period: .... Not less than 15 nor more than 30 days' irrevocable notice in writing to the Trustee, the Issuing and Paying Agent and the

		Noteholders
21	Put Option:..	Not Applicable
22	Final Redemption Amount:	U.S.$1,000 per Calculation Amount
23	Change of Control Redemption Amount:	U.S.$1,010 per Calculation Amount
24	Early Redemption Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):	U.S.$1,000 per Calculation Amount

General Provisions Applicable to the Additional Notes

25	Form of Additional Notes:...	Registered Notes: Global Certificate exchangeable for Individual Note Certificates in the limited circumstances described in the Global Certificate
26	Financial Centre(s) or other special provisions relating to payment dates:	New York City, Hong Kong
27	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	No
28	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Additional Notes and interest due on late payment:	Not Applicable
29	Details relating to Instalment Notes:	
	(i) Instalment Amount(s)):.......................................	Not Applicable
	(ii) Instalment Date(s):...	Not Applicable
30	Redenomination applicable:	Redenomination not applicable
31	Consolidation provisions:	Not Applicable
32	Other terms or special conditions:	Not Applicable

Distribution

33	(i) If syndicated, names of Managers:	Standard Chartered Bank Bank of Communications Co., Ltd. Hong Kong Branch China Construction Bank (Asia) Corporation Limited

			China Zheshang Bank Co., Ltd. (Hong Kong Branch) Guotai Junan Securities (Hong Kong) Limited Industrial Bank Co., Ltd. Hong Kong Branch Mizuho Securities Asia Limited Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch
	(ii)	Date of Subscription Agreement:........................	26 March 2024
	(iii)	Stabilisation Manager(s) (if any):	Any of the Managers
34	If non-syndicated, name of Relevant Dealer:		Not Applicable
35	U.S. Selling Restrictions:		The Additional Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act. Unless otherwise defined herein, terms used in this paragraph have the meanings given to them by Regulation S; TEFRA not applicable
36	Prohibition of Sales to EEA Retail Investors:		Applicable
37	Prohibition of Sales to UK Retail Investors:		Applicable
38	Additional selling restrictions:		Not Applicable

Operational Information

39	ISIN:	XS2757520452
	Common Code:..	275752045
	CMU instrument number:..	Not Applicable
40	LEI Code of Issuer:	2549002TXU15P8D3F498
41	Any clearing system(s) other than Euroclear, Clearstream or the CMU and the relevant identification number(s):	Not Applicable
42	Delivery:	Delivery against payment
43	Additional Paying Agent(s) (if any):	Not Applicable
44	Ratings:	The Additional Notes are expected to be

		rated “BBB” and “A-” by S&P Global Ratings and Fitch Ratings Ltd., respectively
45	The aggregate principal amount of Additional Notes issued has been translated into U.S. dollars, producing a sum of (for Additional Notes not denominated in U.S. dollars):	Not Applicable

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46	(i) Rebates:	Not Applicable
	(ii) Contact email addresses of the Managers where underlying investor information in relation to omnibus orders should be sent:	SYNHK@sc.com dcm@bankcomm.com.hk ccba_dcm@asia.ccb.com
	(iii) Marketing and Investor Targeting Strategy:	Institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for the issue and listing of the Additional Notes described herein pursuant to the U.S.$1,400,000,000 Medium Term Note Programme of the Issuer.

Responsibility

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

Signed on behalf of Joy Treasure Assets Holdings Inc.:

By: ______________________________
Duly authorised

Signed on behalf of China Orient Asset Management (International) Holding Limited 中國東方資產管理(國際)控股有限公司:

By: ______________________________
Duly authorised

[*Signature Page to Pricing Supplement*]