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*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities. This announcement does not constitute or form a part of any offer of securities for sale in the United States. This announcement is not for distribution to (i) any person or address in the United States or (ii) to any U.S. person (as defined in Regulation S under the United States Securities Act of 1993, as amended (the "**U.S. Securities Act**")). The securities referred herein (the "**Securities**") and the guarantee of the Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any state of the United States or other jurisdiction and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. No public offering of the Securities will be made in the United States.*

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

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

PUBLICATION OF OFFERING CIRCULAR AND PRICING SUPPLEMENT

US$800,000,000 5.75 per cent. Guaranteed Notes due 2029 (the "Notes")

(Stock Code: 4585)

issued under the US$5,000,000,000 Medium Term Note Programme (the "Programme")

by

China Cinda (2020) I Management Limited

(a BVI business company incorporated with limited liability in the British Virgin Islands)

(the "Issuer")

unconditionally and irrevocably guaranteed by

China Cinda (HK) Holdings Company Limited

(incorporated with limited liability in Hong Kong)

(the "Guarantor")

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

ABC International	**Bank of China (Hong Kong)**	**Bank of Communications**	**BOC International**	**BOCOM International**	**BofA Securities**	**China CITIC Bank International**
China Construction Bank (Asia)	**China Galaxy International**	**China International Capital Corporation**	**China Securities International**	**Cinda International**	**Standard Chartered Bank**	

Joint Bookrunners and Joint Lead Managers

Agricultural Bank of China Limited Hong Kong Branch	**ANZ**	**CCB International**	**China Everbright Bank Hong Kong Branch**	**China Minsheng Banking Corp., Ltd., Hong Kong Branch**	**China Zheshang Bank Co., Ltd. (Hong Kong Branch)**	**CITIC Securities**
CMBC Capital	**CNCB Capital**	**Crédit Agricole CIB**	**Deutsche Bank**	**Essence International**	**Goldman Sachs (Asia) L.L.C.**	**Guotai Junan International**
Haitong International	**HSBC**	**Nanyang Commercial Bank**	**Shanghai Pudong Development Bank Hong Kong Branch**	**SMBC Nikko**	**Zhongtai International**	

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

Please refer to the offering circular dated 17 May 2024 (the "**Offering Circular**") in relation to the Programme and the pricing supplement relating to the issue of the Notes dated 20 May 2024 (the "**Pricing Supplement**") appended herein. As disclosed in the Offering Circular and the Pricing Supplement, the Notes are intended for professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Hong Kong Stock Exchange on that basis.

The Offering Circular 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, 29 May 2024

As at the date of this announcement, the directors of the Issuer are Mr. HUANG Qiang and Ms. CAO Yabing.

As at the date of this announcement, the directors of the Guarantor are Mr. LIANG Senlin, Mr. HUANG Qiang, Mr. REN Li, Mr. SHEN Hongpu and Ms. WANG Jianli.

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APPENDIX 1 – OFFERING CIRCULAR

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-U.S. PERSONS OUTSIDE OF THE UNITED STATES

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached Offering Circular (the "**Offering Circular**"). You are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached. In accessing the attached, 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 as a result of such access.

Confirmation of your Representation: You have accessed the attached document on the basis that you have confirmed your representation to the Dealers (as defined in the attached Offering Circular) that:

(1) you are a non-U.S. person outside the United States and, to the extent you purchase the securities described in the attached Offering Circular you will be doing so outside the United States in an offshore transaction pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"); and

(2) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached document 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 Joint Arrangers, the Dealers, the Trustee or the Agents (each as defined in this Offering Circular) and any person who controls any of them nor any of their respective directors, employees, representatives, officers, agents, advisers or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version.

Restrictions: The attached Offering Circular is being furnished in connection with 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 in the Offering Circular.

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

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

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the Issuer or the Guarantor of the securities or the Dealers 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 Joint Arrangers, 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 Arranger 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 this 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 will be unable to purchase any of the securities described therein.

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

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

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

US$5,000,000,000

Medium Term Note Programme

China Cinda (2020) I Management Limited

(a BVI business company incorporated with limited liability in the British Virgin Islands)

unconditionally and irrevocably guaranteed by

China Cinda (HK) Holdings Company Limited

中國信達（香港）控股有限公司

(incorporated with limited liability in Hong Kong)

Under the Medium Term Note Programme described in this Offering Circular (the "**Programme**"), China Cinda (2020) I Management Limited (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 Cinda (HK) Holdings Company Limited (the "**Guarantor**"). The Guarantor is a wholly-owned subsidiary of China Cinda Asset Management Co., Ltd. ("**China Cinda**"). The Issuer is a wholly-owned subsidiary of the Guarantor and China Cinda.

With effect from 17 May 2024, the size of the Programme was increased from US$4,000,000,000 to US$5,000,000,000 in accordance with the terms of the Programme.

Notes may be issued in bearer or registered form. The aggregate nominal amount of Notes outstanding will not at any time exceed US$5,000,000,000 (or its equivalent in other currencies, subject to any duly authorised increase). The Notes may be issued on a continuing basis to the Dealers specified under "*Summary of the Programme*" or 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 for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

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

Notice to Hong Kong investors: The Issuer and Guarantor confirm that the Notes to be issued under the Programme are intended for purchase by Professional Investors only and the Programme and the Notes, to the extent such Notes are to be listed on the Hong Kong Stock Exchange, will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer and Guarantor confirm 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 Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. 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 or the Guarantor or the Group (as defined below) or quality of disclosure in this Offering Circular. 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 Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Series or Tranche (as defined in the "*Summary of the Programme*") of 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 Series or Tranche. This Offering Circular may not be used to consummate sales of Notes, unless accompanied by a Pricing Supplement. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed and, if listed whether such listing will be, on the Hong Kong Stock Exchange or any other stock exchange.

Each Series of Notes in bearer form ("**Bearer Notes**") will be represented on issue by a temporary global note (each a "**Temporary Global Note**") or a permanent global note (each a "**Permanent Global Note**"), and will be sold to non-U.S. persons in an "offshore transaction" within the meaning of Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Interests in Temporary Global Notes generally will be exchangeable for interests in Permanent Global Notes (together with the Temporary Global Notes, the "**Global Notes**"), or if so stated in the relevant Pricing Supplement, definitive Notes ("**Definitive Notes**"), on or after the Exchange Date (as defined herein), upon certification as to non-U.S. beneficial ownership. Interests in Permanent Global Notes will be exchangeable for Definitive Notes in whole but not in part as described under "*Form of the Note*". Each Series of Notes in registered form ("**Registered Notes**") will be represented on issue 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 Registered Notes will initially be represented by a permanent global certificate (each a "**Global Certificate**") without interest coupons. The Global Notes and Global Certificates may be deposited on the relevant issue date (a) in the case of a Series intended to be cleared through Euroclear and/or Clearstream or Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority (the "**HKMA**") (the "**CMU**"), with a common depositary on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") or with a sub-custodian for the CMU and (b) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream or CMU, or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer. The Notes and the Guarantee have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Bearer Notes that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes and the Guarantee may not be offered or sold within the United States, or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) or, in the case of Bearer Notes, offered, sold or delivered in the United States, or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended). For a description of certain restrictions on transfer, see "*Subscription and Sale*."

The Programme has been assigned a rating of "BBB+" by Standard & Poor's Ratings Services ("**S&P**") and a rating of "A-" by Fitch Ratings Ltd. ("**Fitch**"). In addition, the Guarantor has been assigned a rating of "Baa2 with a negative outlook" by Moody's, a rating of "BBB+ with a stable outlook" by S&P and a rating of "A- with a negative outlook" by Fitch. These ratings are only correct as at the date of this Offering Circular. Tranches or Series of Notes (as defined in "*Summary of the Programme*") to be issued under the Programme may be rated or unrated. Where a Tranche or Series 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. In particular, see "*Risk Factors – Risks relating to the Notes and the Guarantee – The ratings of the Programme may be downgraded or withdrawn*".

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)) promulgated by the National Development and Reform Commission (the "**NDRC**") and any implementation rules, reports, certificates or guidelines as may be issued by the NDRC, as supplemented and amended from time to time (the "**NDRC New Measures**") apply, China Cinda has obtained or will obtain from the NDRC 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 "**NDRC Certificate**") pursuant to the NDRC New Measures, and such Notes will be issued within the valid foreign debt issuance quota under the NDRC Certificate. After issuance of such Notes, the Issuer and the Guarantor shall report or procure China Cinda to report the issuance information to the NDRC within 10 PRC business days after the completion of each such issuance and shall comply with provisions regarding risk management and interim and ex-post supervision pursuant to 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 15 for a discussion of factors that you should consider carefully before investing in the Notes.

Joint Arrangers and Dealers

ABC International | Bank of China (Hong Kong) | Bank of Communications | BOC International | BOCOM International | BofA Securities | China CITIC Bank International

China Construction Bank (Asia) | China Galaxy International | China International Capital Corporation | China Securities International | Cinda International | Standard Chartered Bank

Dealers

Agricultural Bank of China Limited Hong Kong Branch | ANZ | CCB International | China Everbright Bank Hong Kong Branch | China Minsheng Banking Corp., Ltd., Hong Kong Branch | China Zheshang Bank Co., Ltd. (Hong Kong Branch) | CITIC Securities

CMBC Capital | CNCB Capital | Crédit Agricole CIB | Deutsche Bank | Essence International | Goldman Sachs (Asia) L.L.C. | Guotai Junan International

Haitong International | HSBC | Nanyang Commercial Bank | Shanghai Pudong Development Bank Hong Kong Branch | SMBC Nikko | Zhongtai International

The date of this Offering Circular is dated 17 May 2024

IMPORTANT NOTICE

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates, or an offer to sell or the solicitation of an offer to buy such securities by any person in any circumstances in which such offer or solicitation is unlawful. In addition, there may be legal restrictions on the distribution of this Offering Circular and the offering of the Notes in certain jurisdictions. If you come into possession of this Offering Circular, the Issuer, the Guarantor and ABCI Capital Limited, Bank of China (Hong Kong) Limited, Bank of Communications Co., Ltd. Hong Kong Branch, BOCI Asia Limited, BOCOM International Securities Limited, Merrill Lynch (Asia Pacific) Limited, China CITIC Bank International Limited, China Construction Bank (Asia) Corporation Limited, China Galaxy International Securities (Hong Kong) Co., Limited, China International Capital Corporation Hong Kong Securities Limited, China Securities (International) Corporate Finance Company Limited, Cinda International Capital Limited and Standard Chartered Bank (the "Joint Arrangers") and Agricultural Bank of China Limited Hong Kong Branch, Australia and New Zealand Banking Group Limited, CCB International Capital Limited, China Everbright Bank Co., Ltd., Hong Kong Branch, China Minsheng Banking Corp., Ltd., Hong Kong Branch, China Zheshang Bank Co., Ltd. (Hong Kong Branch), CLSA Limited, CMBC Securities Company Limited, CNCB (Hong Kong) Capital Limited, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, Hong Kong Branch, Essence International Securities (Hong Kong) Limited, Goldman Sachs (Asia) L.L.C., Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, The Hongkong and Shanghai Banking Corporation Limited, Nanyang Commercial Bank, Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, SMBC Nikko Securities (Hong Kong) Limited and Zhongtai International Securities Limited (together with the Joint Arrangers, the "Dealers") require that you inform yourself about and observe any such restrictions. The securities are being offered and sold to non-U.S. persons outside the United States in reliance on Regulation S. For a description of these and certain further restrictions on offers, sales and transfers of securities and distribution of this Offering Circular, see "*Subscription and Sale*" in this Offering Circular.

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 the relevant Pricing Supplement for each Series or Tranche of Notes issued under the Programme 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.

The Issuer and the Guarantor, having made all reasonable inquiries, confirm that: (i) the Offering Circular contains all information with respect to the Issuer, the Guarantor and the Group, and to the Guarantee, and the Notes which is material in the context of the issue and offering of the Notes (including the information which is required by applicable laws of Hong Kong, the British Virgin Islands or the PRC and according to the particular nature of the Issuer, the Guarantor, the Notes and the Guarantee, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer, the Guarantor and the Group and the rights attaching to the Notes and the Guarantee); (ii) the statements contained in the Offering Circular relating to the Issuer, the Guarantor and the Group are true and accurate and not misleading in any material respects and all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements in the Offering Circular; (iii) all statistical or market-related or operational data included in the Offering Circular that come from the Issuer, the Guarantor or any of the

Principal Subsidiaries have been derived from the records of the Issuer, the Guarantor or the Principal Subsidiaries using systems and procedures which incorporate adequate safeguards to ensure that the data are complete, true and accurate in all material respects and not misleading in any material respect; all statistical or market-related data included in the Offering Circular that come from sources other than the Issuer, the Guarantor or the Principal Subsidiaries are based on or derived from sources which the Issuer and the Guarantor reasonably believe in good faith to be reliable and accurate and present fairly such sources, and the Issuer and the Guarantor have obtained the written consent to the use of such data from such sources to the extent required; (iv) the opinions and intentions with regard to the Issuer, the Guarantor and the Group expressed in the Offering Circular are honestly and reasonably held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; and (v) there are no other facts in relation to the Issuer, the Guarantor, the Group, the Guarantee or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement expressed in the Offering Circular misleading in any material respect.

This Offering Circular is solely for the purpose of enabling you to consider the purchase of the Notes. If you have any doubt about this Offering Circular, you should consult your bank manager, legal counsel, professional accountant or other professional advisor. Each prospective investor will be deemed to acknowledge that it has not relied on the Joint Arrangers, the Dealers (as defined below), China Construction Bank (Asia) Corporation Limited as trustee (the "**Trustee**"), as issuing and paying agent (the "**Issuing and Paying Agent**"), as CMU lodging and paying agent (the "**CMU Lodging and Paying Agent**", together with the Issuing and Paying Agent, the "**Paying Agents**") and as transfer agent (the "**Transfer Agent**") and registrar (the "**Registrar**", together with the Issuing and Paying Agent, CMU Lodging and Paying Agent, Paying Agents and Transfer Agent the "**Agents**"), any person who controls any of them and any of their respective directors, employees, representatives, officers, agents, advisers or affiliates in connection with its investigation of the accuracy of the information contained in this Offering Circular or its investment decision. In making an investment decision, each prospective investor must rely on its own examination of the Issuer, the Guarantor and the Group and the terms of the Notes, including, without limitation, the merits and risks involved. Each person receiving this Offering Circular is advised to read and understand the contents of this Offering Circular, including the financial statements and the related notes thereto, before investing in the Notes. The information contained in this Offering Circular has been provided and relied on other identified sources. The Joint Arrangers, the Dealers, the Trustee, the Agents, any person who controls any of them and any of their respective directors, employees, representatives, officers, agents, advisers or affiliates have not independently verified any of the information contained in this Offering Circular and they make no representation or warranty, express or implied, as to the accuracy, sufficiency or completeness of such information, and you should not rely on anything contained in this Offering Circular as a promise or representation by the Joint Arrangers, the Dealers, the Trustee, the Agents, any person who controls any of them or any of their respective directors, employees, representatives, officers, agents, advisers or affiliates. To the fullest extent permitted by law, none of the Joint Arrangers, the Dealers, the Trustee, the Agents, any person who controls any of them or any of their respective directors, employees, representatives, officers, agents, advisers or affiliates accept any responsibility or liability in relation to information contained in this Offering Circular, statement made or purported to be made by any of the Joint Arrangers, the Dealers, the Trustee, the Agents, any person who controls any of them or any of their respective directors, employees, representatives, officers, agents, advisers or affiliates or on its behalf or any other information in connection with the Issuer, the Guarantor, the Group, the Notes and the Guarantee. You should not reproduce or distribute this Offering Circular, in whole or in part, and should not disclose any contents or use any information in this Offering Circular for any purpose other than considering an investment in the Notes. None of the Joint Arrangers, the Dealers, the Trustee, the Agents, any person who controls any of them or any of their respective directors, employees, representatives, officers, agents, advisers or 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 Joint Arrangers, the Dealers, the Trustee, the Agents, any person who controls any of them or any of their respective directors, employees, representatives, officers, agents, advisers or affiliates. By accepting delivery of this Offering Circular, you agree to these terms.

Each Series (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" as amended and/or supplemented by the relevant Pricing Supplement specific to such Series. This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Series of Notes, must be read and construed together with the relevant Pricing Supplement.

Neither the delivery of this Offering Circular or any Pricing Supplement nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Offering Circular is true subsequent to the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer and the Guarantor since the date thereof or, if later, the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Each prospective purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this Offering Circular and must obtain any consents, approvals or permissions required for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and none of the Guarantor, the Issuer, the Joint Arrangers or the Dealers shall have any responsibility therefor. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the Dealers or their affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the relevant Dealer or its affiliate on behalf of the Issuer in such jurisdiction.

The Notes and the Guarantee have not been 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 (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of Notes of which such Notes are a part, except in either case in accordance with Regulation S under the Securities Act. Any Series of Notes may be subject to additional selling restrictions. Any additional restrictions on the sale of transfer of any Series of Notes will be specified in the applicable Pricing Supplement for such Notes.

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 Joint Arrangers, 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 person subsequently offering, selling or recommending the Notes (a distributor) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – 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 (10) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (11) 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).

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.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed US$5,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into United States dollars at the date of the agreement to issue such Notes calculated in accordance with the provisions of the Dealer Agreement). The maximum aggregate principal amount of Notes, which may be outstanding at any one time under the Programme, may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "*Subscription and Sale*."

References in this Offering Circular to "U.S. dollars", "USD", "U.S.$" and "US$" are to lawfully currency of the United States; references to "HK$" and "Hong Kong dollars" are to the lawful currency of Hong Kong; and references to "CNY", "RMB" and "Renminbi" are to the lawful currency of the PRC.

Solely for your convenience, this Offering Circular contains translations of certain Renminbi amounts into Hong Kong dollars and Hong Kong dollars into U.S. dollars at specified rates. Unless it is indicated otherwise, the translation of Hong Kong dollars into U.S. dollars has been made at the rate of US$1.00 to HK$7.8109 and the translation of Renminbi into U.S. dollars has been made at the rate of US$1.00 to RMB7.0999, based on the noon buying rate in effect on 29 December 2023 as set forth in the H.10 weekly statistical release of the Board of Governors of the Federal Reserve System of the United States (the "**Federal Reserve Board**"). Further information on exchange rates is set forth in "*Exchange Rate*" in this Offering Circular. You should not construe these translations as representations that the Renminbi amounts have been, could have been or could actually be converted into any U.S. dollar or Hong Kong dollar amounts, or vice versa, as the case may be, or any Hong Kong dollar amounts have been, could have been or could be converted into any U.S. dollar amounts, or vice versa, at the rates indicated or at any rates or at all. Any discrepancies in any table or elsewhere in this Offering Circular between totals and sums of amounts listed herein are due to rounding.

The audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2022 and 2023 which are included elsewhere in this Offering Circular, have been audited by Ernst & Young and PricewaterhouseCoopers, respectively. Such financial statements of the Guarantor are prepared and presented in accordance with Hong Kong Financial Reporting Standards, or HKFRS, as issued by the Hong Kong Institute of Certified Public Accountants, which differ in certain respects from accounting principles generally accepted in certain other countries. All financial data contained herein which is stated as relating to the Guarantor is referring to the consolidated data of the Guarantor unless the context otherwise requires.

The statistics and estimates set forth in this Offering Circular relating to the PRC and the industries in which the Group operates were taken or derived from various official or third party publications. None of the Issuer, the Guarantor, the Joint Arrangers, the Dealers, the Trustee, the Agents, any person who controls any of them or any of their respective directors, employees, representatives, officers, agents, advisers or affiliates makes any representation as to the accuracy and reliability of such statistics and estimates, which may not be consistent with other information compiled within or outside the PRC. Due to possible inconsistent data collection and consolidation methods and other associated data collection difficulties, the statistics and estimates herein may be inaccurate and should not be unduly relied upon.

STABILISATION

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

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 this Programme, each such offering, a "CMI Offering", including certain Dealers, may be "capital market intermediaries" ("**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMI(s) may also be acting as "overall coordinator(s)" ("**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 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 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% 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 OC(s), 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.

Industry and Market Data

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 Joint Arrangers, the Dealers, the Trustee, the Agents or their respective affiliates, directors, officers, employees, representatives, advisers, agents and each person who controls any of them, and none of the Issuer, the Guarantor, the Joint Arrangers, the Dealers, the Trustee, the Agents and their respective affiliates, directors, officers, employees, representatives, advisers, agents and each person who controls any of them makes 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.

INFORMATION INCORPORATED BY REFERENCE

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

(i) each relevant Pricing Supplement (only in respect of the relevant Tranche of Notes);

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

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

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

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

Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available for inspection upon prior written request and proof of holding to the satisfaction to the Trustee at all reasonable times during usual business hours (being 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time)) on any weekday (Saturdays, Sundays and public holidays excepted) at the specified office of the Trustee (as defined under "*Summary of the Programme*") set out at the end of this Offering Circular. In this Offering Circular, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes forward-looking statements. All statements other than statements of historical facts contained in this Offering Circular, including, without limitation, those regarding the Group's future financial position, its strategies, plans, objectives, goals, targets and future developments in the markets where the Group participates or is seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond the Group's control, which may cause its actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievement expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which it will operate in the future. Important factors that could cause the Group's actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following:

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

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed in "*Risk Factors*" and elsewhere in this Offering Circular. The Group cautions you not to place undue reliance on these forward-looking statements, which reflect the Group's view only as at the date of this Offering Circular of the opportunities and risks facing the Group's businesses. The Group undertakes 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. All forward-looking statements contained in this Offering Circular are qualified by reference to the cautionary statements set out in this section.

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DEFINITIONS

BVI	means the British Virgin Islands
CBIRC	means the China Banking and Insurance Regulatory Commission and its subordinate agencies, previously known as China Banking Regulatory Commission and China Insurance Regulatory Commission before their consolidation in 2018
CCAM	China Cinda (HK) Asset Management Co., Limited (中國信達(香港)資產管理有限公司)
China or PRC	mean the People's Republic of China. References to "China" or the "PRC," for purposes of this Offering Circular, do not include Hong Kong, Macau or Taiwan
China Cinda	China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司)
China Cinda (Macau)	China Cinda (Macau) Asset Management Company Limited (中國信達(澳門)資產管理有限公司)
China COSCO	China COSCO Shipping Corporation Limited (中國遠洋海運集團有限公司)
Cinda (China) Investment	Cinda (China) Investments Company Limited (信達(中國)投資有限公司)
Cinda Financial Holding	Cinda Financial Holdings Co., Limited (信達金融控股有限公司)
Cinda HK or Guarantor	China Cinda (HK) Holdings Company Limited (中國信達(香港)控股有限公司)
Cinda Jinkong	Cinda Jinkong (Ningbo) Investment Management Company Limited (信達金控(寧波)投資管理有限公司)
Cinda Leasing (HK)	Cinda Leasing (HK) Co., Limited (信達租賃(香港)有限公司)
Cinda Securities	Cinda Securities Company Limited (信達證券股份有限公司)
Cinda Trust	Cinda Trust Investment Company Limited (原中國信達信託投資公司)
CSRC	means the China Securities Regulatory Commission of the PRC and its subordinate agencies
Group	refers to the Guarantor and its consolidated subsidiaries

HKMA	means the Hong Kong Monetary Authority
Hong Kong	means the Hong Kong Special Administrative Region of the People's Republic of China
Hongma Investment	Hongma (Shanghai) Investment Management Co., Limited (弘馬(上海)投資管理有限公司)
Macao or Macau	means the Macao Special Administrative Region of the People's Republic of China
MOF	Ministry of Finance of the People's Republic of China (中華人民共和國財政部)
NCB	Nanyang Commercial Bank, Limited (南洋商業銀行)
NFRA	means the National Financial Regulatory Administration (國家金融監督管理總局)
PBOC	means the People's Bank of China, the central bank of the PRC
Qianhai Well Kent	Shenzhen Qianhai Well Kent Equity Investment Co., Ltd. (深圳市前海華建股權投資有限公司)
SAFE	means the State Administration of Foreign Exchange of the PRC
SFC	means the Securities and Futures Commission in Hong Kong
Sino-Rock Investment	Sino-Rock Investment Management Company Limited (漢石投資管理有限公司)
SSF	National Council for Social Security Fund of the People's Republic of China (全國社會保險基金理事會)
UK	means the United Kingdom
U.S.	means the United States of America
Well Kent International	Well Kent International Investment Company Limited (華建國際投資有限公司) (the predecessor of Cinda HK)
Well Kent (Macau)	Well Kent International Holdings (Macau) Co., Ltd. (華建國際(澳門)有限公司)
Well Kent (Shenzhen)	Well Kent International Enterprises (Shenzhen) Co., Ltd. (華建國際實業(深圳)有限公司)

SUMMARY

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

OVERVIEW

Cinda HK is a wholly-owned subsidiary of China Cinda, a leading AMC in China. Cinda HK is the sole strategic offshore platform of China Cinda and its subsidiaries ("**Cinda Group**"). With a successful track record of more than 20 years, Cinda HK has swiftly achieved its strategic mission, linking Cinda Group with offshore capital markets and paving the way for overseas expansion. Cinda HK is also dedicated to maintaining and enhancing its position as Cinda Group's overseas platform through consolidating and leveraging the distinct expertise and competitive strengths of its subsidiaries and affiliates, including NCB, CCAM and other financial institutions licensed for multiple lines of regulated financial activities.

Cinda HK, based on its strong support received within Cinda Group, has become one of the most recognised offshore platforms among the state-owned AMCs, with its credit rating of "Baa2 with a negative outlook", "BBB+ with a stable outlook" and "A- with a negative outlook" from Moody's, S&P and Fitch, respectively. The strong support received from China Cinda includes not only liquidity support and credit enhancement but also management support as Cinda HK's board of directors and senior management are appointed by China Cinda which marks strong linkages between Cinda HK and China Cinda. Furthermore, Cinda HK also benefits from NCB's robust standalone credit profile including adequate capitalisation, sound asset quality, solid liquidity profile and stable profitability.

Cinda HK's main businesses include banking and non-banking business. Its non-banking business is composed of investment and financing segments, and serves the functions of "Three Platform", namely cross-border distressed asset management platform, core offshore liquidity management platform of China Cinda and overseas asset management platform of Cinda Group. Most of Cinda HK's revenue comes from its banking business, which is conducted through NCB. Earnings from investment business (including distressed asset related investment, liquidity management investment, and other investments) contribute to a large portion of Cinda HK's non-banking segment revenue. Distressed assets related investment business is the core of Cinda HK's investment business that lays a solid foundation for Cinda HK's sustainable development. Under the regulatory guidance of "Returning to the Fundamentals of AMC's Business (回歸主業)", Cinda HK actively pursues thematic distressed asset related investment opportunities. Serving as a bridge between China Cinda and overseas distressed asset markets, Cinda HK proactively delivers cross-border solutions to China Cinda and provides it with channels to identify potential investment targets and strategic partners. Through assets acquisition, debt tenor structure adjustment, non-cash repayment, debt-to-equity swap(s) and other restructuring approaches, Cinda HK revitalises the value of distressed assets and realises the investment profits.

For the year ended 31 December 2022, Cinda HK incurred net loss of HK$274 million. Although the Group's banking business remains relatively stable, and there was also improvement in the financial position in 2022 compared to that in 2021, Cinda HK's overall operation remained under pressure. The result of operation for the year ended 31 December 2022 was primarily affected by (i) the decrease in value on financial assets at fair value through profit or loss, due to the fluctuation of the year-end market price and valuation results of the investment projects and (ii) higher impairment losses compared with the same period in 2021 subject to, among others, market conditions and certain corporate borrowers' conditions which impact the recoverability of the counterparties. For the year ended 31 December 2023, Cinda HK generated net profit of HK$225 million. This positive shift of the result of operation for the year ended 31 December 2023 was primarily affected by (i) the increase in the interest income due to the elevated US dollar interest rates and (ii) the increase in the investment income due to the increase in value on financial assets at fair value through profit or loss. However, the overall business and economic conditions remain challenging and Cinda HK continues to make further adjustments to its business operations to mitigate these challenges and minimise the negative impacts to its business.

Cinda HK possesses a diversified client base in terms of geographical distribution of investment portfolio, industry coverage and investment products. Cinda HK has expanded its global footprint from mainland China, Hong Kong and other "Belt and Road Initiative" countries. As at 31 December 2023, the investments in Hong Kong, mainland of China and other areas account for 35 per cent., 39 per cent. and 26 per cent., respectively of the total investments made by Cinda HK in its non-banking segment.

Leveraging on the strong support and unparalleled resources of China Cinda, Cinda HK will continue to improve the quality of its service to strengthen its market position in Hong Kong and mainland China. It strives to increase the synergic effect both among its own business units and with China Cinda and continues to seek new development opportunities.

COMPETITIVE STRENGTHS

Cinda HK 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.

- Cinda HK is a leading overseas platform among the large AMCs.
- Cinda HK has strong support from China Cinda.
- Cinda HK is an indispensable offshore strategic platform.
- Cinda HK has continuously expanded its financing channels, secured long-term and stable sources of financing and actively explored the business model of a balanced investment portfolio.
- Cinda HK has a robust and comprehensive risk management system and has continuously strengthened its risk management culture.
- Cinda HK has an entrepreneurial and visionary management team.

STRATEGIES

Cinda HK focuses on distressed assets related investment business under the principle of "Returning to the Fundamentals of AMC's Business (回歸主業)" which lays a solid foundation for Cinda HK's other business. Cinda HK is also dedicated to further leverage its expertise to solidify its function as the "Three Platforms", the cross-border distressed asset management synergy platform, core liquidity management platform of China Cinda and overseas asset management platform of Cinda Group.

SELECTED FINANCIAL INFORMATION

The summary audited consolidated financial information of the Guarantor as at and for the years ended 31 December 2021, 2022 and 2023 as set forth below is extracted from the Guarantor's consolidated financial statements for the years ended 31 December 2022 and 2023 which have been audited by Ernst & Young and PricewaterhouseCoopers, respectively, as stated in their reports appearing herein.

The summary consolidated financial information below should be read in conjunction with the Guarantor's consolidated financial statements as well as the notes thereto, included elsewhere in this Offering Circular. The Guarantor's consolidated financial statements were prepared and presented in accordance with HKFRS. The Guarantor's historical consolidated financial information should not be taken as an indication of its future financial performance.

For the years ended 31 December 2021 and 2022, the Guarantor incurred net loss. See "Description of the Guarantor – Overview" for further information and discussion.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December		
	2021	**2022**	**2023**
		HK$'000	
Interest income	10,066,656	11,903,503	17,246,925
Net (losses)/gains on financial assets at fair value through profit or loss	(242,334)	603,429	4,205,277
Investment income	2,056,889	3,351,357	5,257,693
Revenue from sales of inventories	–	–	550,551
Commission and fee income	1,917,636	1,397,821	1,491,498
Other income and gains, net	887,469	679,954	188,395
	14,686,316	17,936,064	28,940,339
Interest expense	(11,371,963)	(13,075,366)	(19,959,007)
Purchase and changes in inventories	–	–	(593,802)
Commission and fee expense	(160,393)	(176,461)	(148,342)
Other operating expenses	(4,390,010)	(4,533,141)	(4,341,753)
Impairment losses	(2,470,911)	(2,513,785)	(4,038,476)
	(18,393,277)	(20,298,753)	(29,081,380)
Loss before share of results of associates and joint ventures, and tax	(3,706,961)	(2,362,689)	(141,041)
Share of results of associates and joint ventures	1,072,520	2,719,215	818,493
(Loss)/Profit before tax	(2,634,441)	356,526	677,452
Income tax expense	(694,673)	(630,444)	(452,170)
(Loss)/Profit for the year	(3,329,114)	(273,918)	225,282
(Loss)/Profit attributable to:			
Equity holders of the Company	(3,770,066)	(723,631)	(128,077)
Other equity instruments issued by a subsidiary	463,455	401,215	417,507
Non-controlling interests	(22,503)	48,498	(64,148)
	(3,329,114)	(273,918)	225,282

	Year ended 31 December		
	2021	2022	2023
		HK$'000	
Other comprehensive income for the year:			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of property, plant and equipment, net of tax	(159,329)	10,161	(269,357)
Net gains/(losses) arising from fair value changes of equity instruments classified as financial assets at fair value through other comprehensive income, net of tax	(4,176)	(29,082)	3,762
Actuarial gain on remeasurement, net of tax	–	–	13,197
	(163,505)	(18,921)	(252,398)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	262,124	(2,965,868)	(250,331)
Reclassification of translation reserve arising from a full disposal of a foreign-operation associate	644,563	–	41,769
Reclassification of translation reserve arising from a partial disposal of a foreign-operation associate	–	137,454	–
Reclassification of investment revaluation reserve arising from partial disposal of a foreign-operation associate	–	(55,814)	–
Net gains/(losses) arising from fair value changes of debt instruments classified as financial assets at fair value through other comprehensive income, net of tax	91,114	(1,681,943)	1,140,987
Reclassification of investment revaluation reserve arising from impairment on financial assets at fair value through other comprehensive income	82,277	176,908	(150,040)
Reclassification of investment revaluation reserve arising from disposal of financial assets at fair value through other comprehensive income	(178,781)	(252,598)	(277,614)
Share of associates' investment revaluation reserve	(40,651)	(35,950)	(10,026)
	860,646	(4,677,811)	494,745
Other comprehensive income for the year, net of tax	697,141	(4,696,732)	242,347
Total comprehensive income for the year	(2,631,973)	(4,970,650)	467,629
Total comprehensive income attributable to:			
Equity holders of the Company	(3,063,129)	(5,402,238)	133,839
Other equity instruments issued by a subsidiary	463,455	401,215	417,507
Non-controlling interests	(32,299)	30,373	(83,717)
	(2,631,973)	(4,970,650)	467,629

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December		
	2021	2022	2023
		HK$'000	
ASSETS			
Cash and balances with central banks	22,067,095	18,609,580	16,755,556
Deposits with banks and financial institutions	22,818,302	20,360,414	20,263,307
Placements with banks and financial institutions	30,187,057	38,538,179	24,782,219
Financial investments	204,996,705	211,670,138	234,040,187
Trade receivables	1,066,306	273,913	250,721
Loans and advances to customers	313,651,158	304,442,703	303,112,432
Loans granted under repurchase agreements	1,945,453	4,566,364	2,799,097
Interests in associates and joint ventures	9,336,457	9,931,186	9,001,723
Investment properties	2,928,069	3,065,669	2,896,711
Property, plant and equipment, and right-of-use assets	14,690,275	11,480,121	11,445,014
Inventories	412	–	12,745,039
Intangible assets	4,085,054	4,194,698	4,199,735
Goodwill	25,851,817	25,851,817	25,143,787
Deferred tax assets	759,048	749,746	840,258
Other assets	8,435,710	6,790,078	6,887,375
	662,818,918	660,524,606	675,163,161
LIABILITIES			
Borrowings from the central bank	12,213	–	–
Bank and other borrowings	40,101,960	36,873,913	51,065,022
Placements from banks and financial institutions	9,346,244	7,708,871	11,698,900
Financial liabilities at fair value through profit or loss	9,257,238	11,718,864	8,929,403
Financial assets sold under repurchase agreements	8,528,856	34,234,558	22,260,561
Accounts payable	556,143	623,826	357,890
Tax payable	629,747	516,734	1,007,102
Bonds issued	132,504,350	133,081,281	118,760,824
Due to customers	382,852,359	379,007,877	397,471,216
Deposits from banks and financial institutions	26,218,161	16,325,086	19,484,625
Deferred tax liabilities	1,916,474	1,377,142	1,503,150
Other liabilities	6,470,028	4,199,585	5,373,383
	618,393,773	625,667,737	637,912,076
EQUITY			
Share capital	24,975,487	24,975,487	24,975,487
Retained earnings	6,736,190	6,468,976	6,069,306
Reserves	2,889,743	(2,204,658)	(1,671,149)
Equity attributable to equity holders of the Company	34,601,420	29,239,805	29,373,644
Other equity instruments issued by a subsidiary	9,314,890	5,077,856	7,422,026
Non-controlling interests	508,835	539,208	455,415
TOTAL EQUITY	44,425,145	34,856,869	37,251,085
TOTAL EQUITY AND LIABILITIES	662,818,918	660,524,606	675,163,161

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in "*Forms of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this summary.

Under the Programme, the Issuer may, from time to time, issue Notes denominated in U.S. dollars, Euros or in any other currency, subject to the terms more fully set forth herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed upon by and between the Issuer and the relevant Dealer(s) prior to the issue of the Notes and will be set forth in the Terms and Conditions of the Notes endorsed on, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under "*Forms of Notes*" below.

Issuer	China Cinda (2020) I Management Limited
Guarantor	China Cinda (HK) Holdings Company Limited
Joint Arrangers and Dealers	ABCI Capital Limited, Bank of China (Hong Kong) Limited, Bank of Communications Co., Ltd. Hong Kong Branch, BOCI Asia Limited, BOCOM International Securities Limited, Merrill Lynch (Asia Pacific) Limited, China CITIC Bank International Limited, China Construction Bank (Asia) Corporation Limited, China Galaxy International Securities (Hong Kong) Co., Limited, China International Capital Corporation Hong Kong Securities Limited, China Securities (International) Corporate Finance Company Limited, Cinda International Capital Limited and Standard Chartered Bank
Dealers	Agricultural Bank of China Limited Hong Kong Branch, Australia and New Zealand Banking Group Limited, CCB International Capital Limited, China Everbright Bank Co., Ltd., Hong Kong Branch, China Minsheng Banking Corp., Ltd., Hong Kong Branch, China Zheshang Bank Co., Ltd. (Hong Kong Branch), CLSA Limited, CMBC Securities Company Limited, CNCB (Hong Kong) Capital Limited, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, Hong Kong Branch, Essence International Securities (Hong Kong) Limited, Goldman Sachs (Asia) L.L.C., Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, The Hongkong and Shanghai Banking Corporation Limited, Nanyang Commercial Bank, Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, SMBC Nikko Securities (Hong Kong) Limited and Zhongtai International Securities Limited
Trustee	China Construction Bank (Asia) Corporation Limited
Issuing and Paying Agent	China Construction Bank (Asia) Corporation Limited

Transfer Agent and Registrar	China Construction Bank (Asia) Corporation Limited
CMU Lodging and Paying Agent	China Construction Bank (Asia) Corporation Limited
Programme Size	Up to US$5,000,000,000 (or the equivalent in any other currency at the date of issue (the "**Programme Limit**")) aggregate nominal amount of Notes outstanding at any one time. The Issuer and the Guarantor may increase the amount of the Programme Limit in accordance with the terms of the Dealer Agreement.
Certain Restrictions	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restriction applicable at the date of this Offering Circular.
Notes having a maturity of less than one year	Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*".
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each, a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest and/or the Issue Price), the Notes of each Series being intended to be fungible with all other Notes of that Series. Each Series may be issued in tranches (each, a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be specified in the relevant 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.
	The Notes will be issued in bearer or registered form as described in "*Form of the Notes*". Bearer Notes will not be exchangeable for Registered Notes, and Registered Notes will not be exchangeable for Bearer Notes, and vice versa.

	A 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. A Tranche of Registered Notes will initially be represented by a Global Certificate. Where the D Rules (as defined below) are 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	Euroclear, Clearstream, the CMU and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer.
Initial Delivery of Notes	On or before the issue date for a 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 Trustee, the Principal 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, the relevant Dealer(s) and the Principal Paying Agent.
Maturities	Subject to compliance with all relevant laws, regulations and directives, any maturity as may be agreed between the Issuer, the Guarantor, the relevant Dealer(s) and the Principal Paying Agent.
Specified Denomination	Notes will be in such denominations as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s) save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the central banks (or equivalent body) or any laws or regulations applicable to the relevant currency (see "*Certain Restrictions*" above).
Fixed Rate Notes	Fixed interest will be payable in arrears on the date or dates in each year 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 the relevant Pricing Supplement.
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) as specified in the relevant Pricing Supplement remains to be determined by reference to such Original Reference Rate, then 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).
Zero Coupon Notes	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
Dual Currency Notes	Payments in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Pricing Supplement.
Index Linked Notes	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Pricing Supplement.
Interest Periods and Interest Rates	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. All such information will be set out in the relevant Pricing Supplement.
Redemption	The relevant Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer. The applicable Pricing Supplement may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Pricing Supplement. Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution, see "*Certain Restrictions – Notes having a maturity of less than one year*" above.

Redemption by Instalments	The Pricing Supplement issued 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	The Pricing Supplement issued in respect of each issue of the Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer and the Guarantor (either in whole or in part) and/or the Holders, and if so the terms applicable to such redemption.
Redemption upon a Change of Control Triggering Event	Unless previously redeemed under Condition 6 (*Redemption, Purchase and Options*) of the Terms and Conditions of the Notes, upon a Change of Control Triggering Event, the Issuer will be required to make an offer to redeem all of the Notes at a price in cash equal to the 101 per cent. of the principal amount of the Notes repurchased, plus accrued and unpaid interest (if any) on the principal amount of Notes being repurchased to but excluding the date of repurchase.
Redemption for Taxation Reasons	The Notes may be redeemed at the option of the Issuer in whole, but not in part, upon notice as described in the Terms and Conditions of the Notes, at their Early Redemption Amount (together with interest accrued (if any) to the date fixed for redemption and Additional Amounts, in the event the Issuer or, as the case may be, the Guarantor becomes obligated to pay Additional Amounts in respect of the Notes of that series or, the Guarantee as a result of certain changes in tax law. See "*Terms and Conditions of the Notes – Redemption – Redemption for Taxation Reasons*."
Taxation	All payments of principal, premium and interest in respect of the Notes, the Receipts and the Coupons or under the Guarantee will be made free and clear of, and without withholding or deduction for, or on account of, any Taxes of the British Virgin Islands, Hong Kong or another Relevant Taxing Jurisdiction, unless required by law to be withheld or deducted. In the event that withholding of British Virgin Islands, Hong Kong or other Relevant Taxing Jurisdiction Taxes is required in respect of payments pursuant to the Notes or the Guarantee, the Guarantor or Issuer, will, subject to certain exceptions, pay such Additional Amounts under the Notes as will result, after deduction or withholding of such taxes, in the payment of the amounts that would have been payable in respect of the Notes had no deduction or withholding been required. See "*Terms and Conditions of the Notes – Taxation*"

Status of Notes	The Notes and the Receipts and the Coupons relating to them will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) of the Terms and Conditions of the Notes) unsecured obligations of the Issuer, and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under such Notes and the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable law and subject to Condition 4(a) 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 Guarantee will constitute the Guarantor's direct, unconditional, unsubordinated and (subject to Condition 4(a) of the Terms and Conditions of the Notes) unsecured obligations, and shall at all times rank at least *pari passu* with all of the Guarantor's other present and future unconditional, unsubordinated and unsecured obligations, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Covenants	The Guarantor and the Issuer have covenanted, and upon the execution of the Trust Deed, the Guarantor will covenant in the Trust Deed, with certain exceptions, not to incur certain liens or consolidate, merge, sell or lease its assets substantially as an entirety unless certain conditions are satisfied. The Notes and the Trust Deed do not otherwise restrict or limit the Guarantor's or the Issuer's ability to incur additional indebtedness by itself or its subsidiaries or its ability to enter into transactions with, or to pay dividends or make other payments to, affiliates. See "*Terms and Conditions of the Notes – Negative Pledge and Other Covenants – Negative Pledge*" and *"– Limitation on Consolidation, Merger and Sale of Assets*."
Events of Default	Certain events will permit acceleration of the principal of the Notes (together with all interest and additional amounts accrued and unpaid thereon). These events include default with respect to the payment of principal of, premium, if any, or interest on, the Notes. See "*Terms and Conditions of the Notes – Events of Default*."
Ratings	Tranches of Notes will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Selling Restrictions	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering materials in the United States, Hong Kong, Japan, PRC, Singapore, the EEA, the United Kingdom, Macau, Taiwan and British Virgin Islands, 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. Notes in bearer form will be issued in compliance with U.S. Treasury Regulations §1.163-5 (c) (2) (i) (D) or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") (the "**D Rules**") unless (i) the applicable Pricing Supplement states that the Notes are issued in compliance with U.S. Treasury Regulations §1.163-5(c) (2) (i) (C) or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code (the "**C Rules**") or (ii) the Notes have a term of one year or less (taking into account any unilateral right to extend or rollover the term). The Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S. In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act. 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.
Listing	Application has been made to the Hong Kong Stock Exchange for listing of the Programme under which Notes may be issued by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange. There is no assurance that the application to the Hong Kong Stock Exchange for the listing of a particular Series will be approved. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer, the Guarantor and the relevant Dealer in relation to each Series. Unlisted Notes may also be issued under the Programme. The relevant Pricing Supplement will state whether or not the Notes of a Series will be listed on any exchange(s) and, if so, on which exchange(s) the Notes are to be listed.
Governing Law	The Trust Deed, the Notes, the Receipts, the Coupons and the Talons, the Agency Agreement and the Guarantee will be governed by, and construed in accordance with, English law.
Legal Entity Identifier	Issuer: 549300ZIBIB6Z9RSNU64

RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the businesses of Cinda HK and the industries in which Cinda HK operates together with all other information contained in this Offering Circular, including, in particular, the risk factors described below. Words and expressions defined in the "Terms and Conditions of the Notes" or elsewhere in this Offering Circular have the same meanings in this section.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to Cinda HK that are not currently known to the Issuer or the Guarantor or that they currently deem immaterial, may individually or cumulatively also have a material adverse effect on the businesses, prospects, results of operations and/or financial position of Cinda HK and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Offering Circular and their personal circumstances.

RISKS RELATING TO CINDA HK's OVERALL BUSINESS

Cinda HK is subject to risks related to fluctuations in the macroeconomic and market conditions.

Cinda HK's business is inherently subject to general macroeconomic conditions and policies and market fluctuations, including financing cost and the volatility of interest rates, inflation, availability of short-term and long-term financing sources, upward and downward trends in the industrial and financial sectors, monetary and fiscal policies, restriction on capital outflows, foreign exchange policies and currency fluctuations, taxation policies and other macroeconomic policies, as well as laws and regulations affecting the financial industries.

Unfavourable financial or economic environments, including the continued global financial uncertainties, have had and may continue to have an adverse impact on investors' confidence and global financial markets. 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 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 it also increased volatility in the financial markets around the world. In addition, the European Union ("EU")-China relations have become increasingly complex with bilateral relations marked by challenges related to market access and investment as well as key foreign and security policy issues. The EU has sought to take steps to remedy what it sees as an uneven playing field, by reducing critical dependencies and vulnerabilities in its supply chains.

- In early 2023, the global financial markets have experienced further turmoil with the collapse of mid-size Silicon Valley Bank, Signature Bank and First Republic Bank in the United States, 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 volatility in financial markets. Please also refer to "*Risk Factors – Risks Relating to Cinda HK's Overall Business – Cinda HK's business operation is subject to credit risk*".

- More recently, the COVID-19 has significantly affected global financial, foreign exchange, commodity and energy markets, along with the resulting government restrictions and support measures during and after the COVID-19 pandemic. Whether and to what extent countries and territories will be able to 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. An armed conflict between Israel and Hamas-led Palestinian militant groups has been evolving in and around the Gaza Strip since October 2023, which may lead to a wider conflict on the Middle East. 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.

- 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.

Although the structural transformation and development of the PRC, HK and global economy provide opportunities for Cinda HK's businesses, adverse financial or economic conditions could adversely affect its businesses. In particular:

- the value of Cinda HK's asset portfolio, including stocks, bonds and private equity investment, is closely correlated to monetary policies and credit supply, the performance of capital markets and the market price of commodities. Adverse economic and market conditions could negatively affect the value and returns on Cinda HK's financial assets and investments, which could reduce the value of its trading and investment positions, affect its profitability, limit its liquidity and reduce its opportunities to realize gains and exit from its investments;

- downturn in macroeconomic conditions and adverse market conditions in the PRC and globally may result in decline in trading volume and investment and financing activities, which could adversely affect the commission and fee income from Cinda HK's investment and financing business;

- unfavourable economic and market conditions may increase the risk of default in the margin loans Cinda HK provide to its customers; and

- adverse economic conditions could affect Cinda HK's ability to effectively deploy capital as well as its ability to raise new funds and attract new investments.

As a consequence of these significant headwinds, Cinda HK's operations have remained under continuous pressure. For the year ended 31 December 2022, the result of operation of Cinda HK has been adversely affected, resulting in a consolidated net loss of HK$274 million. See "*Description of the Guarantor – Overview*" for further information and discussion.

Although Cinda HK's has returned to profitability and generated net profits of HK$225 million for the year ended 31 December 2023, the overall business and economic conditions remain challenging. If the current business and economic conditions continue or worsen, Cinda HK's business and financial conditions and results of operations could be materially and adversely affected.

Cinda HK's business operation is subject to market risk.

Cinda HK's investment business consists of investments in financial products such as equity and fixed-income securities. Cinda HK's equity and fixed-income securities business is exposed to risk arising from the fluctuation in the PRC, Hong Kong and global capital markets. The downturn of equity and fixed-income securities markets may result in a decrease of the unrealized gain of investment assets, unrealized or realized losses or impairment and a decrease in gains realized upon the disposal of such assets, any of which may have a material adverse effect on Cinda HK's business, financial condition, results of operations and prospects. Should factors such as fluctuation in the capital markets, downturn of equity and fixed-income securities markets, market risk and credit risk exposure continue, Cinda HK's income and profit may fluctuate or decrease and Cinda HK's business may experience a decline in profitability or suffer losses. There is no assurance that Cinda HK will achieve, sustain or return to past levels of profitability in the future. Please refer to "*Risk Factors – Risks Relating to Cinda HK's Banking Business*" and "*Risk Factors – Risks Relating to Cinda HK's Non-Banking Business*".

Certain portion of Cinda HK's assets, such as part of its financial investments, including financial assets at fair value through profit or loss, are valued at their fair value. As at 31 December 2021, 2022 and 2023, Cinda HK had financial assets at fair value through profit or loss amounting to HK$66,936 million, HK$60,347 million and HK$59,619 million respectively. The fair value estimates of listed equities are based on quoted market prices while the private equities are based on judgments which involve the assessment of various factors and unobservable inputs in valuation models. The deteriorating market conditions may cause significant decrease in fair values of those financial assets which will have a material adverse impact on Cinda HK's results of operations.

Cinda HK's business operation is subject to credit risk.

Cinda HK's financial services are also subject to different credit risks, primarily from its banking business. Cinda HK's banking business is exposed to credit risk arising primarily from default by its borrowers or guarantors and is also subject to risks related to off-balance sheet credit related commitments. 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. If there is any default by customers and guarantors of credit related commitments in respect of off-balance sheet businesses such as bank acceptance letter of credit and letters of guarantee, Cinda HK may need to assume the risk of losses arising from insufficient repayments by customers, which in turn may have a material adverse effect on its business, financial condition and results of operations. Please refer to "*Risk Factors – Risks Relating to Cinda HK's Banking Business*".

Cinda HK is also exposed to credit risk with respect to its investments in proprietary trading activities and securities businesses, which are recorded as available-for-sale financial assets and held-to-maturity financial assets. These financial assets 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. In addition, Cinda HK may not have sufficient access to resources and trading counterparties to effectively implement its trading and investment risk mitigation strategies and techniques. If Cinda HK's credit exposure becomes overly concentrated in terms of limited asset portfolios, asset types, or number of third parties, or if it fails to effectively manage its credit exposure through its risk management policies and procedures, the volatility of any negative impact of credit exposures could be magnified, and as a result, Cinda HK may experience significant financial losses that could materially and adversely affect Cinda HK's business, financial condition and results of operations.

Cinda HK's business operation is subject to liquidity risk.

Cinda HK's business is capital intensive and requires a significant amount of cash. As such, sufficient liquidity is crucial to its business operations. Currently, most of the funding requirement for Cinda HK's banking business are met through banking customers and interbank deposits. However, there are many factors affecting the growth of deposits for Cinda HK's banking business, some of which are beyond its control, such as economic and political conditions, the availability of alternative investment choices (including but not limited to securities issued by governmental or corporate entities, unit trusts and mutual funds, investment-linked assurance schemes and structured investment products), change of government monetary policies, and retail customers' changing perceptions toward savings. There can be no assurance that Cinda HK's banking business will be able to grow its customer deposits at a pace sufficient to support its expanding business. Any decline in Cinda HK's liquidity level may impair the confidence of its customers or counterparties, which may result in loss of business and customers. Please refer to "*Risk Factors – Risks Relating to Cinda HK's Banking Business*" and "*Risk Factors – Risks Relating to Cinda HK's Non-Banking Business*".

The HKMA acts as the lender of last resort to all authorized institutions in Hong Kong to provide liquidity support in the banking system generally as well as to specific institutions. Although the Hong Kong government has in the past taken measures on a case-by-case basis to maintain or restore public confidence in individual banks with an isolated liquidity crisis, there can be no assurance that the HKMA will provide such assistance in the future or that it would elect to provide such assistance in the future to Cinda HK in the event of a liquidity crisis.

If Cinda HK fails to maintain its expected growth rate in deposits or if a substantial portion of its depositors withdraw their demand deposits or do not roll over their time deposits upon maturity, the liquidity position, business, financial condition and results of operations of Cinda HK may be materially and adversely affected and Cinda HK may need to seek more expensive sources of funding to meet its funding requirements.

Cinda HK's business operation is subject to operational risk.

Cinda HK's business operations depend, to a large extent, on the proper operation of business, accounting and other data processing systems, and the proper handling of documents relating to the Group's business, finance and operation, by its staff. Cinda HK may also be subject to disruptions of its operating systems or involved in instances of data breaches, arising from events that are wholly or partially beyond its control (including, for example, computer viruses or electrical or telecommunication outages). If its staff or electronic systems make any mistake in operating data processing systems or handling documents, Cinda HK may suffer from business disruption, financial loss, intervention by regulatory authorities and reputational loss.

Especially, Cinda HK's banking business depends a high volume of transactions upon automated systems to record and process those transactions. That may further increase the risk of technical system flaws or employee tampering or manipulation of those systems that will result in losses that may be difficult to detect. In addition to internal factors that may affect operations, the rapid growth and expansion of the banking business in recent years as compared to other banks may have also resulted in increasing complexity in its internal and external control systems and risk management measures, which may add to its operational risks.

Although Cinda HK provides regular training on the management of operational risk to its staff and maintains a system of controls designed to reduce operational risks to a reasonably low level, it has suffered losses from operational risks and there can be no assurance that it will not suffer material losses from operational risks in the future. If any operational errors occur, Cinda HK may not be able to identify or rectify these operational errors and solve the problems caused thereby in a timely manner, or at all. Such problems may include failure to carry out the operation of key business, wrong execution or delay, impairing Cinda HK's ability to monitor and manage data or non-compliance with regulatory requirements. If Cinda HK cannot solve these problems in a timely manner, its business, financial condition and results of operations may be materially and adversely affected.

Cinda HK's risk management and internal control policies, procedures as well as the tools available to it, may not be adequate or effective in identifying or managing risks to which it is subject.

The complexity of Cinda HK's operations and products exposes it to various risks, including market risk, credit risk, operational risk, liquidity risk, compliance risk, legal risk and other risks. Cinda HK has established risk management and internal control systems and procedures to manage potential risks associated with the financial services and products it offers and has been dedicated to continuously improving these systems and procedures. See the section entitled "*Description of the Guarantor – Internal Control and Risk Management*" in this Offering Circular. However, the design and implementation of such systems, including internal control environment, risk identification and evaluation, effectiveness of risk control and information communication, are restricted by the information, tools, models and technologies available, and Cinda HK's systems may not be adequate or effective in identifying or mitigating its risk exposure in all market environments or protecting it against all types of risks. The risk management and internal control systems require ongoing review, monitoring and continual improvements. Cinda HK's efforts to maintain these systems may be ineffective or inadequate.

The effectiveness of Cinda HK's risk management and internal control systems and procedures may also be adversely affected by misjudgement, clerical mishandling and errors, reporting errors or limited experience or resources in making accurate, complete, up-to-date or proper evaluations. Many of Cinda HK's methods for managing risk exposure are based upon observed historical market behaviour or data. Future risk exposure can be significantly greater than what these methods have historically estimated. Moreover, the information and empirical data that Cinda HK relies on may quickly become obsolete as a result of market and regulatory developments, and its historical data may not be able to adequately reflect risks that may emerge from time to time in the future.

In addition, financial institutions typically use various financial instruments to manage risks associated with their businesses. The current state of the financial markets and laws and regulations in the PRC and Hong Kong restrict the types of financial instruments China Cinda and Cinda HK may use to mitigate or hedge different risks. Although Cinda HK are not directly regulated by the PRC authorities, it has established a prudent risk management system that is in line with the risk management policies of China Cinda. Therefore, the risk management tools available to Cinda HK are limited, which in turn limits its risk management capability and effectiveness. As a result, Cinda HK may be unable to take timely and appropriate measures to manage its risks due to the ineffectiveness of risk management methods and techniques adopted by it.

There is no assurance that the risk management and internal control systems of Cinda HK are adequate and effective. Failure to address any internal control matters and other deficiencies in a timely and effective manner may result in investigations, disciplinary actions or even prosecution being taken against it or its employees, any of which may have a material adverse effect on Cinda HK's business, financial condition and results of operations.

Cinda HK faces intense competition and may not compete effectively.

Cinda HK primarily operates in the PRC and Hong Kong, where the financial services industry is highly competitive. Cinda HK mainly competes with non-banking financial institutions and alternative investment companies in the relevant markets. Cinda HK 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 Cinda HK is able to acquire investments and assets at suitable prices, or at all, under the intensified competition. When providing asset management services, Cinda HK 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 the intensifying market competition, competitors may reduce their prices to improve their market share, which may compel Cinda HK to further reduce its fees to remain competitive.

Some of its competitors may have certain competitive advantages over Cinda HK, 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 Cinda HK'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 Cinda HK does.

There is no assurance that Cinda HK can compete effectively against its current and future competitors, or that competitive forces in the market will not alter the industry landscape such that Cinda HK's business objectives would become impractical or impossible. If Cinda HK cannot compete effectively, its business, financial condition and results of operations will be materially and adversely affected.

Cinda HK is highly dependent upon the services of key management personnel.

The success of Cinda HK's business, to a large extent, depends on its ability to attract and retain key personnel who possess in-depth knowledge and understanding of, and extensive working experience in, the financial industry. These key personnel include, among others, senior management, experienced investment managers, banking and finance professionals, product development personnel, professional staff in the distressed debt assets industry, research analysts, marketing and sales staff, legal professionals, risk management personnel, IT specialists and other operational personnel. Therefore, Cinda HK devotes considerable resources to recruiting and retaining these personnel. However, the market for quality professionals is highly competitive, and Cinda HK faces increasing competition in recruiting and retaining these individuals as other asset management companies and financial institutions are vying for the same pool of talent. Cinda HK's business and financial condition could suffer if it is unable to retain its management team, including Cinda HK's senior management and operating management, and other high-quality personnel, including Cinda HK's management in the business, banking, finance, investment and IT departments, or cannot replace them upon their departure in a timely manner. In the face of the intense competition for talent, Cinda HK may need to offer better compensation and other benefits to recruit and retain qualified professionals and additional costs may be incurred.

Some of Cinda HK's key employees are subject to non-compete arrangements. However, Cinda HK cannot ensure that such arrangements can be fully and legally enforced. If any of its senior management or other key personnel joins or establishes a competing business, Cinda HK may lose some of its customers, which may have a material adverse effect on its business, financial condition and results of operations.

Cinda HK is subject to risks of inadequacies in or failures of its IT systems.

Cinda HK's business operations depend heavily on its business, accounting and other data processing systems. The failure of normal operation or even inability in operation of any of such systems will expose it to financial losses, business disruption, intervention of regulatory authorities or reputational damage.

The proper functioning of Cinda HK's business processing, accounting, financial controls, risk management, customer service and other business depends on its IT systems and communication networks with third-party service providers. If the fundamental system which supports Cinda HK's business suffers from malfunction or disruption, including system problems or communication disruption of its systems or the systems of any third parties it engaged, it may have a material adverse effect on Cinda HK's ongoing business. These failures could be caused by, among other things, hardware failure, software programme errors, computer virus attacks, network failure, conversion errors due to system upgrading or system relocation, failure to implement new IT initiatives, human errors, natural disasters, war, terrorist attacks, blackouts and unanticipated problems of facilities, many of which are beyond Cinda HK's control. Despite the security measures that Cinda HK has implemented, the systems may be subject to physical or electronic break-ins, cyber-attacks, computer viruses and similar disruptive problems, and third parties may have the technology or expertise to breach the security of the Cinda HK's transaction data and Cinda HK 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. Although Cinda HK backs up business data regularly and established same-city disaster recovery backup, any prolonged disruption to or malfunction in the operation of its IT systems could limit its ability to monitor and manage data, control financial and operation conditions, monitor and manage its risk exposures, keep accurate records, provide high-quality customer service and develop and sell profitable products and services. Recovery from such disasters may be unable to mitigate Cinda HK's losses incurred during such malfunction and disruptions. In addition, insurances or other precaution measures may only partly, if at all, indemnify its losses.

In addition, Cinda HK provides online financial services such as securities and futures brokerage services to customers. Disruption to or instability of its online financial services platform or mobile service platform could impair its ability to serve customers and execute trades on their behalf and on its own account, which could materially and adversely affect its results of operations and reputation.

Cinda HK updates its IT systems and introduce new IT systems from time to time. However, delays, system failures or other accidents may occur during such system upgrades or introduction of new systems. In addition, the upgraded or new IT systems may not achieve the anticipated processing capacity and availability and may not meet the needs of its business growth in the future. Cinda HK's failure to address these problems promptly, including any delay in the implementation of any upgraded or new information systems, could result in its inability to perform, or delays in performing, critical business operational functions, the loss of key business data, or failure to comply with regulatory requirements, which could have a material adverse effect on Cinda HK's business, financial condition and results of operations.

Cinda HK's business might be affected by the operational failure of third parties.

Cinda HK 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 Cinda HK 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, Cinda HK'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.

Cinda HK may fail to manage challenges arising during its growth.

Cinda HK's efforts to integrate various business operations and coordinate among its branches and subsidiaries may not be effective or timely. In addition, there is no assurance that such growth will continue in the future. The expansion of Cinda HK's business activities poses various challenges, including but not limited to:

- meeting the higher requirements for capital and cost controls to satisfy relevant capital regulatory requirements, such as the minimum capital adequacy ratio ("**CAR**"), as well as other capital needs;

- strengthening Cinda HK's risk management capabilities and IT systems to effectively manage risks associated with various businesses and services;

- managing Cinda HK's AUMs, distressed debt assets and other financial assets;

- recruiting, training and retaining management, investment and finance professionals, technical personnel and sales staff with sufficient experience and knowledge;

- developing new distribution channels for Cinda HK's products and services; and

- maintaining and developing Cinda HK's brand and reputation.

Cinda HK's investments, acquisitions and business initiatives may expose it to various potential risks, including risks associated with the integration of new business lines, operations and personnel, the diversion of resources from its existing businesses and technologies, potential loss of, or harm to, relationships with employees and customers, as well as other unforeseen or hidden liabilities. If Cinda HK is not able to manage future growth successfully, its business, financial condition, results of operations and prospects could be materially and adversely affected.

Cinda HK is subject to extensive regulatory requirements and the non-compliance with the applicable regulatory requirements may result in penalties.

Cinda HK is subject to various regulations primarily by the PRC and Hong Kong regulatory authorities and it may be subject to regulatory proceedings from time to time.

Cinda HK's financial services are subject to the supervision of various authorities, including the SFC in Hong Kong and the NFRA (formerly as the CBIRC), the CSRC and the PBOC in the PRC. Cinda HK's banking business carried out by NCB is subject to supervision by the HKMA in Hong Kong and the NFRA (formerly as the CBIRC), and the PBOC in the PRC. Cinda HK's distressed asset management business is subject to the supervision of the MOF and the NFRA (formerly as the CBIRC). These regulatory authorities impose requirements on Cinda HK's businesses in various aspects, including capital adequacy, capital deposits, financial leverage ratios and deposit requirements, capital usage, qualification of shareholders and key personnel, types of products and services offered, investment portfolio, as well as the number and locations of branches. Compliance with applicable laws, rules and regulations, to a certain extent, may restrict Cinda HK's business activities and require it to incur increased expenses, restate or write down the value of its assets or liabilities, and devote considerable time and resources to such compliance.

Cinda HK is subject to periodic and non-periodic inspections and examinations by the HKSE, the SFC, the NFRA (formerly as the CBIRC), the CSRC, the PBOC and other governmental authorities, including tax, industry and commerce administration, audit and social security authorities in respect of Cinda HK's compliance with the laws and regulations of jurisdictions where it operates.

Cinda HK may not always be able to meet all applicable regulatory requirements or comply with all applicable regulations or guidelines, and it cannot ensure that the results of the regular and special inspections by the MOF or other regulatory authorities will not have any adverse effect on it. Any non-compliance will result in sanctions, fines, penalties or other disciplinary actions, including, among other things, a downgrade of Cinda HK's regulatory rating and limitations or prohibitions on Cinda HK's future business activities, which may materially and adversely affect its reputation, business, financial condition and results of operations.

Cinda HK's acquisitions may not be successful.

In addition to organic growth, Cinda HK may also seek opportunities to expand through acquisition of products or services complementing its existing business operations. It may be unable to identify suitable acquisition opportunities, negotiate acceptable terms or successfully acquire identified targets. The investigation of an acquisition or investment plan and the negotiation, drafting and execution of relevant terms, disclosure documents and other instruments will usually require substantial time and attention from its management and may incur substantial expenses for services provided by accountants, attorneys and other advisors. In addition, even if an agreement is reached relating to a specific acquisition or investment target, Cinda HK may end the investment or acquisition due to many factors beyond its control. If such acquisition or investment plan is not implemented, the costs incurred up to that point for the proposed transaction may not be recoverable. Furthermore, Cinda HK may not have sufficient capital resources to complete proposed acquisitions in the future. The process of integrating an acquired business may involve unforeseen costs and delays or other operational, technical and financial difficulties that may require a disproportionate amount of management attention and financial and other resources. The failure to realize the expected synergies, successfully incorporate the acquired businesses and assets into Cinda HK's existing operations or minimize any operational difficulties could have a material adverse effect on its business, financial condition and results of operations.

Cinda HK may not be able to achieve the anticipated intra-group synergies through its implementation of group management and control of its subsidiaries.

Cinda HK conducts its principal businesses primarily through its subsidiaries in the PRC and Hong Kong. Certain of Cinda HK's subsidiaries also have other shareholders holding significant portions of equity interests in such subsidiaries and have a certain degree of management autonomy. For its significant subsidiary, NCB, although Cinda HK wholly owns it in an economic degree, NCB still has management autonomy. There is no assurance that strategies and policies of Cinda HK will be implemented effectively and consistently in each subsidiary and branch.

Both Cinda HK and the Issuer are directly or indirectly controlled by China Cinda, whose largest shareholder is the MOF, which is a government entity. The promotion of the MOF may not be always aligned with China Cinda, the Group or the Group's other shareholders' interests. The PRC government or the MOF may from time to time reorganise and restructure its ownership of state-owned enterprises due to a variety of reasons or considerations. If the MOF's controlling stake in the Group was reorganised or restructured, there are certain risks, uncertainties and factors which are beyond the control of the Group which may affect the business and financial conditions and performance of the Group as well as its future prospects.

In addition, due to limitations in Cinda HK's information systems and other factors, it may not always be able to effectively detect or prevent operational or management issues at its subsidiaries and branches on a timely basis, and information available to and received by its management may not be accurate, timely or sufficient to manage risks and plan for and respond to market and other changes in its operating environment. If Cinda HK is unable to effectively manage and supervise its subsidiaries and branches or implement its strategies and policies consistently throughout its Group, its business, financial condition, results of operations, prospects and reputation could be materially and adversely affected.

Cinda HK has formulated certain strategies to achieve and enhance collaboration among various business lines and intra-group cooperation between its branches and subsidiaries to further enhance synergies. However, these strategies are still under development. There can be no assurances that Cinda HK will be able to fully develop or implement these strategies or that it will realize the anticipated benefits of these strategies. Implementation of these strategies could also be affected by a number of factors beyond its control, including operating difficulties, increased operating costs, regulatory developments, deterioration in general or local economic conditions or increased competition. In particular, the applicable PRC regulatory framework allows the regulatory authorities to oversee and inspect the cooperation within Cinda Group, and licenses may be required for certain activities. If the cooperation within Cinda Group is deemed a violation of any regulations in the PRC or other jurisdictions, Cinda HK's intra-group cooperation and collaboration may be adversely affected, and Cinda HK may be subject to relevant legal liabilities or administrative penalties, and Cinda HK's reputation may be harmed, all of which would have a material adverse effect on Cinda HK's business, financial condition, results of operations and prospects.

Cinda HK may not be able to detect money laundering, terrorism-funding, economic sanctioned and other illegal or improper activities in its business operations completely or on a timely basis.

Cinda HK is required to comply with applicable anti-money laundering laws, anti-terrorism laws, economic sanctions programmes and other regulations in the PRC and overseas. The PRC Anti-money Laundering Law (中華人民共和國反洗錢法) and the relevant anti-money laundering laws and regulations in Hong Kong require financial institutions to establish sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting activities. The United States, the United Kingdom, the European Union, the United Nations Security Council and other applicable jurisdictions also administer a range of anti-terrorism and economic sanctions programs, including broad embargoes against certain countries and regions, such as Crimea Region of Ukraine, Cuba, Iran, North Korea, Syria, the so-called Donetsk People's Republic, the so-called Luhansk People's Republic and non-government controlled areas of the Kherson and Zaporizhzhia regions of Ukraine, as well as targeted sanctions against terrorists, international narcotics traffickers and individuals engaged in activities related to the proliferation of weapons of mass destruction.

Cinda HK's existing policies and procedures for the detection and prevention of money laundering activities, terrorism-funding activities and economic sanctioned activities through its business platform have only been adopted in recent years and may not eliminate instances in which it may have been used by other parties to engage in money laundering or other illegal or improper activities. In the event that Cinda HK fails to fully comply with applicable laws and regulations, the relevant government agencies may freeze its assets or impose fines or other penalties. In addition, under the economic sanctions administered by the United States, penalties can potentially be imposed on non-U.S. persons under U.S. secondary sanctions for engaging in activities with sanctioned individuals, countries, regimes, and organisations, including loss of access to clearing U.S. dollar payments through a U.S. correspondent bank. In addition, Cinda HK may from time to time engage in business activities in countries or with entities that are the subject of certain sanctions. Notwithstanding that such business activities may not themselves be subject to sanctions, Cinda HK may face secondary sanctions if it is determined to be providing material support to countries or entities or involving specific sectors of certain countries that are the subject of sanctions. There is no assurance that there will be no failures in detecting and preventing money laundering, terrorism funding, economic sanctioned or other illegal or improper activities which may materially and adversely affect Cinda HK's reputation, business, financial condition and results of operations and its ability to meet its obligations under the Notes.

Cinda HK may not be able to detect and prevent fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties completely or in a timely manner.

Cinda HK may encounter fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties, which could result in violations of laws and regulations by it and expose it to regulatory sanctions or penalties. Even if such fraud or misconduct does not result in any legal liabilities on Cinda HK's part, it could cause serious reputational or financial harm to it.

Cinda HK's internal control procedures are designed to monitor its operations and ensure overall compliance. However, Cinda HK's internal control procedures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner or at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct. The precautions Cinda HK takes to detect and prevent such activities may not be fully effective. There is no assurance that fraud or other misconduct will not occur in the future. Any failure to detect and prevent fraud and other misconduct in a timely manner may have a material and adverse effect on Cinda HK's reputation, business, financial condition and results of operations.

Cinda HK may not be able to properly identify and deal with conflicts of interest.

As Cinda HK expands the scope of its businesses and client base, it becomes increasingly important to be able to address potential conflicts of interest, including situations where two or more interests within Cinda HK's businesses legitimately exist but are in competition or conflict. Cinda HK may encounter conflicts of interest where (i) Cinda HK's services to a particular client or its own investments are in conflict, or are perceived to conflict, with the interests of another client; (ii) any of the non-public information Cinda HK obtains through business channels is disclosed to other business departments within it; and (iii) Cinda HK may be a counterparty of an entity to which it also provides financial services or with which it has other business relationships. Cinda HK's failure to prevent the imprudent use of information or manage conflicts of interest could harm its reputation and affect client confidence. In addition, potential or perceived conflicts of interest may also give rise to litigation or regulatory actions. Any of the foregoing situations could materially and adversely affect Cinda HK's business, financial condition and results of operations.

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

Cinda HK 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 Cinda HK's transaction data and Cinda HK 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 Cinda HK 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 Cinda HK's clients could bring reputational harm to it, which may materially adversely affect its business and prospects.

Cinda HK may face lawsuits and arbitration, and it may not successfully defend itself in such legal proceedings.

Lawsuits and arbitration claim against Cinda HK may arise in the ordinary course of business. Litigation is inherently unpredictable, and excessive verdicts may occur. Where Cinda HK assesses that there is a probable risk of loss, it will make provisions for the loss based on the relevant policies. Cinda HK will also make provisions with respect to pending legal proceedings and other disputes against it. See the section entitled "*Description of the Guarantor – Legal and Regulatory Proceedings*" in this Offering Circular. However, there is no assurance that the judgments in any of the litigations in which Cinda HK are involved or will involve would be favourable to it or that Cinda HK's provisions made for the litigations are adequate to cover all the losses arising from legal proceedings or other disputes. In addition, if Cinda HK's assessment of the risk changes, its views on provisions will also be changed.

Cinda HK could in the future incur judgments or enter into settlements of claims. If it is unsuccessful in defending any legal proceeding, or unsuccessful in settling any legal proceeding on commercially reasonable terms, it may be liable to pay damages or face penalties or sanctions. The disruption of Cinda HK's business due to judgment, arbitration and legal proceedings against it or adverse adjudications in proceedings against Cinda HK's directors, senior management or key employees would have a material adverse effect on its reputation, business, financial condition, results of operations and prospects.

Cinda HK's overseas expansion may be subject to risks associated with relevant businesses.

Cinda HK may continue to expand its overseas business and explore opportunities in other overseas markets in the future. In expanding its business internationally, Cinda HK has entered and intend to continue to enter into markets in which it has limited or no operating experience. Therefore, Cinda HK may not be able to attract enough new clients due to its limited presence and brand recognition in such overseas markets and may fail to effectively compete in these markets. In addition, such expansion may increasingly subject it to risks inherent in conducting business internationally, including but not limited to:

- failure to obtain and renew local government approvals, permits, licenses or documents in a timely manner or at all;
- the possibility of cost overruns and other operating difficulties;
- insufficient management resources, difficulties in recruiting and retaining qualified personnel, as well as potential increase in labour costs;
- difficulties in complying with local legal and regulatory requirements, including labour, industrial and tax regulations;
- lower than expected demand and lack of acceptance by local customers of, or compatibility issues with, Cinda HK's products;
- high sales and marketing costs;
- difficulty in implementing internal control and risk management policies in overseas operations;
- lack of understanding of the local cultural, commercial and operating environment, as well as the financial, management or legal systems in the relevant jurisdictions;
- political, regulatory or macroeconomic environment and fluctuations in foreign exchange rates; and
- restriction on capital outflow imposed by the government.

If Cinda HK is unable to manage the risks resulting from its expansion outside the PRC and Hong Kong, its reputation, business, financial condition and results of operations may be materially and adversely affected.

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

Natural disasters, epidemics, pandemics, acts of war or terrorism or other factors beyond Cinda HK's control may adversely affect the economy, infrastructure and livelihood of the people in the regions Cinda HK conducts its business. 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 or pandemics, such as 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 Cinda HK's business and operations. Acts of war or terrorism may also injure Cinda HK's employees, cause loss of lives, disrupt Cinda HK's business network and destroy Cinda HK's markets. Severe communicable disease outbreaks could result in a widespread health crisis that could materially and adversely affect economic systems and financial markets. There can be no guarantee that any future occurrence of natural disasters, outbreak of epidemics or pandemics, or the measures taken by the government of Hong Kong, the PRC or other countries in response to a future outbreak of any epidemics or pandemics, will not seriously interrupt Cinda HK's operations or those of its customers, which may have a material and adverse effect on its business, financial condition and results of operations.

Certain facts, forecasts and statistical materials contained in this Offering Circular with respect to the PRC, Hong Kong and their economies and financial industries are derived from various official or third-party sources and may not be accurate, reliable, complete or up-to-date.

Cinda HK has derived certain facts, forecasts and other statistical materials in this Offering Circular, relating to the PRC and Hong Kong, the PRC economy and the industry in which Cinda HK operates, including Cinda HK's market share information, from information provided by the PRC, Hong Kong and other government authorities, industry associations, independent research institutes or other third-party sources which are generally believed to be reliable. While Cinda HK has taken reasonable care in the reproduction of the information, it has not been prepared or independently verified by it, the Joint Arrangers and Dealers or any of its or their respective affiliates or advisors. Therefore, there is no assurance as to the accuracy and reliability of such facts, forecasts and materials, which may not be consistent with other information compiled inside or outside the PRC and Hong Kong and may not be complete or up-to-date. Such facts, forecasts and statistics include those set out in the sections headed "*Risk Factors*" and "*Description of the Guarantor*". Because of possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistical materials herein may be inaccurate or may not be comparable to statistical materials produced for other economies, and investors should not place undue reliance on them. Furthermore, there is no assurance that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, investors should not unduly rely on such facts, forecasts or statistical materials.

There can be no assurance that Cinda HK's due diligence of potential acquisition and investment opportunities will identify every matter that could have a material adverse effect on Cinda HK.

Cinda HK conducts extensive business, financial and legal due diligence in connection with potential acquisition and investment opportunities. However, there can be no assurance that Cinda HK's due diligence investigations will identify every matter that could have a material adverse effect on the acquisition or investment targets. As a result, Cinda HK 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 Cinda HK's financial condition and results of operations.

RISKS RELATING TO CINDA HK'S BANKING BUSINESS

Cinda HK's banking business is subject to concentration risk.

The Banking Ordinance generally prohibits any bank incorporated in Hong Kong from maintaining a financial exposure to any single person or group of connected persons in excess of 25 per cent. of its capital base. In recent years, Cinda HK's subsidiary NCB, which engages primarily in banking business, has an exposure to its 10 largest borrowers (including groups of individuals and companies, excluding exposure to Cinda HK) consistently amounted to a substantial majority of its capital base, even though it has not had exposure to any single person or group of connected persons in excess of 25 per cent. of its capital base. In addition, NCB also faces the risks of geography concentration, as substantially all of its operations are in the PRC and Hong Kong. Such concentration exposes NCB, in turn Cinda HK, to concentration risk and its business may therefore be significantly impacted by any adverse event affecting the banking industry in the PRC or Hong Kong, or even globally in general, and any adverse event affecting its largest customers, which may in turn have a material adverse effect on the NCB's, and in turn Cinda HK's, business, financial condition and results of operations.

Cinda HK's banking business has significant exposure to the PRC market which may be influenced by the general state of the PRC economy and any significant political, social or legal uncertainties or changes in the PRC.

Cinda HK's banking business is carried out by NCB. As at 31 January 2024, NCB's wholly-owned subsidiary, Nanyang Commercial Bank (China) Limited ("**NCB China**"), headquartered in Shanghai, operated 38 branches/sub-branches in major cities of the PRC such as Shanghai, Beijing, Dalian, Qingdao, Wuxi, Hefei, Suzhou, Hangzhou, Chengdu, Shenzhen, Haikou, Nanning, Shantou, Wuhan, Guangzhou, Nanjing and Chongqing.

NCB's operating income from the PRC, as well as its advances to companies that have business interests in the PRC, may be influenced by the general state of the PRC economy and may be affected by significant political, social or legal uncertainties or changes in the PRC (including changes in political leadership, inflation rate, exchange controls and exchange rate, and the impact on the changes in regulations governing banking and other businesses). 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, and has negatively impacted property prices and transaction volumes and resulted in an oversupply of residential and commercial properties. As a result, the PRC government has recently promulgated certain stimulus measures to support revive the PRC real estate market and certain real estate property developers, but there is no guarantee that any such measures could achieve their intended effect. Any continued deterioration of the PRC real estate industries may have an adverse impact on the value of loans made to these customers, affect relevant segments of the economy and in turn affect NCB's business, financial condition or results of operations. Moreover, deterioration in the financial condition of the borrowers in real estate industries could materially and adversely affect the quality of the existing loans and NCB's ability to generate new loans, and could have a material adverse effect on its business, financial condition or results of operations. There can be no assurance that NCB's continued exposure to the PRC or its strategy to grow its business in the PRC will not have a negative impact on NCB's earnings or an adverse effect on NCB's business, financial condition or results of operations or that the economic and political environment in the PRC will remain favourable to NCB's business in the PRC in the future.

NCB's performance and the quality and growth of its assets are necessarily dependent on the overall economy in the PRC. Many of NCB's commercial customers are dependent to varying degrees on trade with the PRC. The asset quality of NCB's loans in the PRC, as well as its loans to customers that have business interests in the PRC, may be influenced by the general state of the PRC economy and may be affected by significant political, social or legal uncertainties or changes in the PRC (including changes in political leadership, the rate of inflation, RMB interest rate and RMB exchange rate). There can be no assurance that the economic and political environment in the PRC will remain favourable to NCB's business in the PRC in the future.

As far as the banking sector was concerned, this not only affected loan demand but also increased credit risk. In response to economic slowdown, the PRC government adopted a series of stimulus measures including, inter alia, reductions in the reserve requirement ratio and interest rates.

The PBOC publishes and adjusts benchmark interest rates on loans and deposits from time to time. For example, with effect from 22 November 2014, 1 March 2015, 11 May 2015, 28 June 2015 and 26 August 2015 and 24 October 2015, respectively, the PBOC lowered the benchmark interest rates on RMB denominated loans and deposits. In late 2021, PBOC lowered the one-year loan prime rate to 3.8 per cent., down from 3.85 per cent. On the other hand, the PBOC continues to liberalise the restrictions on interest rates for loans. For example, on 20 July 2013, the PBOC eliminated the minimum interest rate requirements for RMB-denominated loans. As at 20 August 2020, the ceiling on private lending interest rate has been significantly lowered to 15.4 per cent., from the previous ceiling, which was set between 24 per cent. and 36 per cent. Moreover, while a multi-year appreciation of the RMB exchange rate had already started to give way to two-way fluctuations, the PBOC's decision to change its daily rate fixing mechanism triggered a noticeable downward pressure on the RMB exchange rate and fuelled expectations of further devaluation ahead. If the PRC's economy experiences a continued slowdown in growth or a downturn in the future, or if the RMB exchange rate experiences unexpected phenomenal fluctuations, NCB's PRC business and its ability to implement its growth strategies in the PRC could be materially and adversely affected, which would in turn have a material adverse effect on the Group's PRC business as a whole. Please refer to "*Risk Factors – Risks Relating to the PRC and Hong Kong – Cinda HK is subject to risks relating to the PRC's economic, political and social conditions, government policies, as well as the global economy*".

With the increased integration of the PRC and Hong Kong economies, PRC policies may have an impact on Hong Kong and Hong Kong companies conducting business in the PRC. Cinda HK's banking business and their respective customers may also be affected accordingly.

Cinda HK's banking business is exposed to systemic risk resulting from failures by banks, other financial institutions and corporates.

Within the financial services industry, the default of any institution or corporate could lead to defaults by other institutions. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions as the commercial soundness of many financial institutions may be closely correlated as a result of their credit, trading, clearing or other relationships. This risk is sometimes referred to as "systemic risk", and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms, other financial institutions and exchanges with whom Cinda HK interacts on a daily basis. The recent financial markets turmoil with the collapse of Silicon Valley Bank, followed by Signature Bank, the crisis of Credit Suisse and the seizure of First Republic Bank, has resulted in higher uncertainty in the financial services industry and has raised questions about the viability of other financial services firms and possibility of broader systemic risk. In addition, the response by government regulators and central banks to recent financial markets turmoil, including the response by Swiss authorities to the collapse of Credit Suisse and the seizure of First Republic Bank by U.S. regulators, has caused market participants to question how regulators and central banks will utilise resolution authority powers with respect to financial institutions or otherwise respond in the event of further turbulence or crisis in financial markets. In turn, the actual or perceived soundness of these financial institutions could have an adverse effect on Cinda HK's ability to raise new funding, including regulatory capital, and could have a material impact on Cinda HK's business, financial condition, results of operations and prospects.

Cinda HK's banking business is subject to interest rate risks.

As with most banks, for Cinda HK's banking business, net interest income is a significant factor in determining its overall financial performance. As some of Cinda HK's assets and liabilities are repriced at different times, it is vulnerable to fluctuations in market interest rates. As a result, volatility in interest rates could have a material and adverse effect on Cinda HK's business, financial condition, liquidity and results of operations.

Changes in market interest rates affect the interest received on Cinda HK's banking business's interest-earning assets and the interest paid on its interest-bearing liabilities. An increase in interest rates could lead to a decline in the value of securities in its portfolio. A sustained increase in interest rates could also raise the funding costs without a proportionate increase, or any increase at all, in loan demand. Rising interest rates would therefore require Cinda HK to re-balance its assets and liabilities in order to minimize the risk of potential mismatches and maintain its profitability. In addition, high interest rate levels may adversely affect the economy in Hong Kong and the financial condition and repayment ability of its corporate and retail borrowers which in turn may lead to a deterioration in Cinda HK's credit portfolio.

The differences in timing and level of changes in interest rates can result in an increase in interest expense relative to its interest income, which may lead to a reduction in its net interest income. Interest rates in Hong Kong are sensitive to factors over which Cinda HK has no control, including, among others:

- interest rates in the United States;
- liquidity of the domestic inter-bank market and the international capital markets;
- domestic and international economic and political conditions; and
- competition for loan demand.

In addition, Cinda HK's banking business is subject to interest rate risk as a result of mismatches in the pricing and duration of its assets and liabilities. A significant part of Cinda HK's funding requirements is met through short-term or floating rate funding sources, primarily in the form of deposits, including customer deposits and inter-bank deposits, which tend to be at floating rates and are regularly repriced.

In contrast, some of Cinda HK's assets either receive a fixed rate of interest or if they receive a floating rate of interest, they may not be repriced as frequently as its deposits. Cinda HK closely monitors the risks associated with changes in interest rates that may arise from maturity gaps, basis risks among different interest rate benchmarks, yield curve movements, interest rate repricing risks and risks from embedded options (if any), and mitigates such risks mainly through rebalancing the repricing structure of assets and liabilities and the use of interest rate derivatives as an auxiliary strategy. However, in a volatile interest rate environment, there can be no assurance that Cinda HK's net interest margin will not be impacted, and its net interest income reduced.

The allowance for impairment losses on loans of Cinda HK's banking business may not be sufficient for covering the actual losses on its loan portfolio which may be incurred in the future.

The allowance for impairment losses is determined according to the assessments and forecasts on various factors which may affect the quality of the loan portfolio. Such factors include, but are not limited to, a borrower's financial condition, solvency and willingness to repay, the realizable value of the collateral, the ability of the borrower's guarantor to perform the contract, as well as China's economic condition, policies for the industry, interest rates, according standards, laws and regulatory environment. Many of these factors are beyond Cinda HK'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 the judgment and expectations on the aforesaid factors may not be consistent with the real conditions emerging in the future. Any change of the aforementioned factors may make Cinda HK's allowance for such impairment losses on loans insufficient to cover the actual losses, and as a result, may require Cinda HK to increase its allowance for such impairment losses. Hence, Cinda HK's profits may decrease, and its business, financial condition and results of operations may also be materially and adversely affected.

Cinda HK's banking business is subject to various capital requirements.

Cinda HK's banking subsidiary NCB is subject to the risk of having insufficient capital resources to meet the minimum regulatory capital requirements in both Hong Kong and PRC. Currently, under Basel III requirements, capital requirements which have been revised are inherently more sensitive to market movements than under previous Basel capital regimes. Any failure of NCB to maintain its minimum regulatory capital ratios could result in administrative actions or sanctions, which in turn may have a material adverse impact on Cinda HK's results of operations. A shortage of available capital might restrict its opportunities for expansion.

Further, the HKMA or other authorities (the "**Relevant Authority**") having oversight of Cinda HK at the relevant time may implement the package of reforms in a manner that is different from that which is currently envisaged or may impose additional capital requirements on authorized institutions. For example, the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements-Banking Sector) Rules requires that there must be sufficient financial resources to absorb losses and to recapitalise a failing financial institution. The regulatory capital requirements, liquidity restrictions or ratios applied to Cinda HK may increase in the future, if Cinda HK or its subsidiaries fail to meet any regulatory capital requirements, regulatory authorities may impose penalties on it or limit the operation of business, which could, in tum, have a material adverse effect on Cinda HK's business, financial condition and results of operations.

Allowance for credit losses may prove inadequate and Cinda HK's credit costs may increase.

Cinda HK 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, Cinda HK'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 Cinda HK. Many of these factors are beyond Cinda HK'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 Cinda HK's loan portfolio may increase and exceed the existing allowance. If Cinda HK's allowance for credit losses is not adequate to cover actual loan losses, impairment allowance for credit losses will increase and Cinda HK's financial condition and results of operations may be adversely affected.

Cinda HK's banking business is subject to risks relating to changes in the regulatory environment in Hong Kong.

Cinda HK's banking business, through its banking subsidiary NCB, is directly affected by changes in Hong Kong regulatory policies, laws and regulations. Under the Banking Ordinance (Cap. 155) of Hong Kong (the "**Banking Ordinance**"), the HKMA regulates the business activities and operations of authorised institutions and has the ability to influence banking and financial markets generally. Potential investors should be aware that regulatory requirements in Hong Kong may differ from those that prevail in other countries. Since Cinda HK operates in the highly regulated banking and securities industries in Hong Kong, potential investors should also be aware that the regulatory authorities have been consistently imposing higher standards and developing guidelines and regulatory requirements such as the Basel III capital standards which have been adopted in Hong Kong since January 2013.

These standards require banks, among other things, to maintain minimum CAR requirements in relation to risk-weighted assets, minimum liquidity ratio as well as disclose key pieces of information on capital, risk exposures, risk assessment processes and hence capital adequacy. The aim of these standards is to encourage banks to demonstrate to the market participants that their risk management systems are robust and that all relevant risks have been identified and controlled.

The Banking Ordinance also provides that the amount of the facilities which a Hong Kong incorporated authorized institution may make available on an unsecured basis to its controllers, its directors, their relatives or certain of its employees and persons associated with any of them shall be subject to the restrictions set out therein. The Banking (Exposure Limits) Rules (Cap. 155S) of Hong Kong also provides that (i) authorised institutions may not provide a financial facility against the security of their own shares, capital-in-nature instrument or non-capital LAC debt instruments (or, except with the approval of the HKMA, that of their respective holding companies, subsidiaries or fellow subsidiaries of such holding companies); and (ii) authorised institutions may not, except with the written consent of the HKMA, provide to any one of their employees any unsecured facility of an amount in excess of that employee's salary for one year.

Certain products and services provided by Cinda HK are regulated by other regulators including the SFC in Hong Kong. Cinda HK carefully manages legal and compliance risks, including in relation to the sale of financial products and anti-money laundering regulations. Since 2007, the regulators in Hong Kong have introduced recommendations which are intended to provide tighter control and more transparency in the Hong Kong banking sector, in particular, in relation to the selling of investment and insurance products to retail customers.

In May 2010, the HKMA and the SFC each launched new investor protection measures. The Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and its subsidiary legislations regulate the offering and sales of securities products as defined under Schedule 1 of the SFO. In addition to the subsidiary legislations, the HKMA has been introducing additional measures on sales of investment products, including non-SFO regulated investment products, which the banking industry in Hong Kong needs to comply with.

Among others, the HKMA, from time to time, issues circulars in relation to the selling of investment and insurance products, which further clarified and enhanced the product due diligence process, product disclosure to customers and suitability assessment. With regards to the investment products with relatively higher risk (such as accumulators and high yield or complex bonds), the HKMA also specified the regulatory standards for selling these products.

Separately, the SFC has revised their Code of Conduct for Persons Licensed by or Registered with the SFC (the "**SFC Code**") for meriting greater protection to investors, including the reform of Professional Investor Regime in March 2016 dis-applying most of the previous exemptions under the SFC Code to the Individual Professional Investors, to add a new clause into client agreement for making the intermediary's suitability obligation towards its customers as a contractual term and to further enhance disclosure of transaction related information to customers in August 2018.

Cinda HK has taken steps to implement the recommendations by relevant regulators and to comply with any new or modified regulations. Going forward, it is foreseeable that there would be further reinforcements and more stringent requirements on the regulations, particularly those in relation to suitability of selling investment and insurance products and fairness and transparency of providing banking products and services to customers. Increased regulations and the requirements for more stringent customer protections have increased its operational and compliance expenses. Any changes in regulations, governmental policies, income tax laws or rules and accounting principles, as well as international conventions and standards relating to commercial banking operations in Hong Kong, could affect Cinda HK's operations. There can be no assurance that the relevant regulatory authorities will not implement further regulations and that such changes will not materially increase Cinda HK's operational and compliance burden or adversely affect its business or operations. There can also be no assurance that breaches of legislation or regulations by Cinda HK will not occur and, to the extent that such a breach does occur, that significant liability or penalties will not be incurred. If any of the situation happens, Cinda HK's business, financial condition and results of operations may be materially and adversely affected.

Cinda HK's banking business is subject to risks relating to changes in the regulatory environment in the PRC banking and insurance industry.

Cinda HK's banking business, through its PRC banking subsidiary NCB China, is directly affected by changes in the PRC's banking and insurance regulatory policies, laws and regulations as well as global legal or regulatory sanctions. The regulatory system and the laws and regulations governing the banking and insurance sectors are subject to future changes. Some of the changes in rules and regulations may result in additional costs or restrictions on NCB China's operations and business expansion in the PRC and there can be no assurance that such changes will not materially and adversely affect Cinda HK's business, financial condition and results of operations.

NCB China operates in a highly regulated industry. The principal regulators of the PRC banking industry are the NFRA (formerly as the CBIRC), the PBOC and the SAFE. The CBIRC (now the NFRA) requires all commercial banks in China to maintain certain financial ratios, including but not limited to liquidity coverage ratio, liquidity ratio, net stable funding ratio and CAR.

The principal regulator of the PRC insurance industry is NFRA (formerly as the CBIRC). According to the Administrative Measures on Insurance Agency Business of Commercial Banks ("**Insurance Agency Measures**") (商業銀行代理保險業務管理辦法) issued on 23 August 2019 and effective on 1 October 2019, to carry out business in the insurance industry, commercial banks with legal person identities are required to apply for licenses engaging in insurance agency business. With such licences, they may authorise their branches to engage in insurance agency business. Under the Insurance Agency Measures, commercial banks conducting insurance business shall arrange a special department to answer for such business, which shall be accounted and audited independently.

For example, regarding the banking business, according to the requirements of the CBIRC (now the NFRA), NCB China is required to maintain a minimum core Tier 1 capital adequacy of 5.0 per cent., a minimum Tier 1 capital adequacy ratio of 6.0 per cent., a minimum capital adequacy ratio of 8.0 per cent., plus additional capital conservation buffer and countercyclical capital buffer requirements that may apply from time to time. If NCB China fails to meet the capital regulatory requirements, the CBIRC (now the NFRA) may take regulatory measures, depending on the category of commercial bank which NCB China belongs to, including requiring NCB China to control the growth of risk weighted assets, restricting or prohibiting the expansion of branches, conducting new businesses and limiting distributions of dividends. These measures could have a material adverse effect on the business, financial condition, results of operations and prospects of NCB China.

In accordance with the Commercial Banking Law of the PRC (中華人民共和國商業銀行法) amended on 29 August 2015 and effective on 1 October 2015, the previous requirement that all commercial banks in China should maintain a loan-to-deposit ratio of not more than 75 per cent. has been removed. However, the CBIRC (now the NFRA) uses other indicators, such as liquidity coverage ratio, liquidity ratio, net stable funding ratio and liquidity matching rate to monitor the liquidity status of commercial banks. If NCB China failed to fulfil this mandatory requirement, it may result in restrictions on its business expansion imposed by the CBIRC (now the NFRA), such as suspension of new business application and establishment of new branch or sub-branch. As at 31 December 2023, NCB China was in compliance with the applicable mandatory capital and liquidity requirements imposed by the CBIRC (now the NFRA).

As some of the banking and insurance laws, rules, regulations or policies are relatively new, there is uncertainty regarding their interpretation and application. If NCB China fails to comply with any of these laws, rules, regulations or policies, it may result in enforcement actions, which may include fines to be imposed on NCB China, restrictions on its business activities, or in extreme cases, suspension or revocation of its business licences, which would materially and adversely affect NCB China's operations, reputation, business and financial position.

There is no assurance that Cinda HK can always satisfy applicable laws and regulatory requirements. If Cinda HK does not meet any such requirements, Cinda HK's business, financial condition and results of operations may be materially and adversely affected.

RISKS RELATING TO CINDA HK'S NON-BANKING BUSINESS

Cinda HK may be unable to obtain sufficient funds on commercially acceptable terms to support its investment business operations.

A substantial amount of funds is required to support the growth of Cinda HK's asset portfolio and future expansion of its business operations. Cinda HK has been obtaining financing primarily through (i) cash generated from operations, (ii) borrowings from banks and shareholders, and (iii) proceeds from the issuance of bonds. As at 31 December 2021, 2022 and 2023, the balance of Cinda HK's borrowings was HK$40,102 million, HK$36,874 million and HK$51,065 million, respectively. As at 31 December 2023, the unused banking facility of Cinda HK amounted to HK$11,508 million. For the years ended 31 December 2021, 2022 and 2023, Cinda HK's interest expenses on such borrowings were HK$1,781 million, HK$1,560 million and HK$2,397 million, respectively. As at 31 December 2021, 2022 and 2023, the balance of Cinda HK's bonds issued were HK$132,504 million, HK$133,081 million and HK$118,761 million, respectively. For the years ended 31 December 2021, 2022 and 2023, Cinda HK's interest expenses on bonds issued were HK$5,097 million, HK$5,129 million and HK$4,684 million, respectively. Cinda HK may need additional funding for its further acquisition of distressed debt and other investments. If there are changes in international and/or domestic macroeconomic conditions and policies, or if Cinda HK fails to maintain its existing and future loan arrangements with commercial banks, Cinda HK may not be able to continue to obtain adequate funding on commercially reasonable terms, or at all. If sufficient financing is not available to meet its needs, or cannot be obtained on commercially acceptable terms, or at all, Cinda HK may not be able to fund operations, investments and business expansion, introduce new business or compete effectively.

Furthermore, Cinda HK's subsidiaries or branches may need financial support from Cinda HK to meet their liquidity requirements during the ordinary course of their businesses. Some of Cinda HK's subsidiaries may need additional capital injections from Cinda HK to meet applicable regulatory requirements. Cinda HK may not be able to provide sufficient funds to its subsidiaries or branches in a timely manner, or at all, which could materially and adversely affect its business, financial condition and results of operations.

Cinda HK's investment business involves significant judgments and decisions regarding suitable investment opportunities.

Cinda HK's investment business generally involves distressed assets related investment business, liquidity management investment and other investment. Making an accurate investment decision requires it to (i) carefully identify the quality of the relevant target, (ii) the estimated costs associated with the investment and (iii) prevailing market conditions and intensity of competition, all of which involve significant judgments and estimates. However, Cinda HK may make unsound investment decisions due to fraudulent, concealed, inaccurate or misleading statements from any third party, which could lead it to mistakenly estimate the value of the investment and affect Cinda HK's ability to make profit on such investments. In addition, Cinda HK's understanding of and judgment on the market and industry condition may be inaccurate and result in inappropriate investment decisions.

Cinda HK's distressed assets related investment business is subject to various risks.

Cinda HK is doing distressed assets related investment business as part of its investment business, which is directly affected by various risks:

- Cinda HK may not be able to maintain the growth of its distressed asset portfolio. The distressed assets that Cinda HK acquires from financial institutions and non-financial enterprises primarily comprises of NPLs sold by banks, distressed assets sold by non-bank financial institutions and accounts receivable sold by non-financial enterprises. The supply of distressed assets is affected by a number of factors. This includes changes in macroeconomic conditions, asset quality and the business conditions of financial institutions and nonfinancial enterprises. Changes in the NPLs balance of commercial banks in the PRC and Hong Kong, the overall volume of accounts receivable of enterprises, macroeconomic conditions, 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 Cinda HK 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 Cinda HK's competition with other asset management companies ("**AMCs**"). Should Cinda HK 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 Cinda HK from growing its distressed asset portfolio, Cinda HK 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;

- Cinda HK may not recover the value of its distressed assets as expected due to changes in market conditions and its ability to dispose of its distressed assets is subject to the limited methods of disposal available in the PRC. Cinda HK generally records the distressed assets at fair value and records profits when the amount of the proceeds it receives from the disposal of the distressed assets exceeds the recorded fair value or purchasing costs of such assets. Recoverability of the distressed assets depends on various factors, many of which are affected by market conditions, such as the economic conditions in the PRC and the world, the existing 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 and Cinda HK may incur losses in relation to such distressed assets. The occurrence of the above-mentioned factors may reduce the quality of Cinda HK's distressed assets portfolio or prevent Cinda HK from recovering the fair value or purchasing costs of the relevant distressed assets. In addition, Cinda HK has to occasionally recover the value of some of its distressed assets through litigation or arbitration. There is no assurance however that Cinda HK can achieve a desirable outcome in relation to its litigation or arbitration. Cinda HK makes provisions in connection with its distressed assets as required by relevant laws and regulations and relevant accounting policies. If Cinda HK's application of its evaluation system or debt collection is insufficient, its provision for impairment loss may be insufficient to cover actual losses and Cinda HK may need to make extra provisions for such impairment loss. This may materially and adversely impact Cinda HK's business performance. The methods that Cinda HK currently adopts to realize the value of its distressed assets include debt-to-equity swaps, debt restructuring and amendment of debt repayment terms, asset sales and asset restructuring, recovery through debt recovery professionals, and through litigation. Given that the distressed management industry in the PRC is expected to further evolve, certain innovative financing and disposal financing and disposal methods to hedge against the loss arising from, and to preserve the value in, distressed assets may no longer be available to Cinda HK. In addition, Cinda HK's distressed asset management is subject to the existing rules, regulations and policies, which may change from time to time depending on the development of the distressed asset management industry. Any asset disposal method that is newly introduced into the market will require further development and improvement. There will also be legal uncertainties with respect to such new method prior to the promulgation of rules and regulations governing such new method. Although Cinda HK's management believes that its methods and manners of disposal are in compliance with the applicable laws and regulations, the relevant regulatory authorities may adopt a different view that, which could restrict or prevent Cinda HK from using specific methods of distressed asset disposal and be subject to fines and other penalties in relation to Cinda HK's existing disposal practices; and

- Any deterioration in the value of collateral granted in connection with distressed assets held by Cinda HK will affect the amount which it is able to recover in the event of enforcement of such collateral. A portion of Cinda HK's distressed assets are secured by collateral or guarantees. The collaterals securing Cinda HK's distressed assets primarily include properties and other assets located in the PRC. The value of the collateral securing Cinda HK's debt assets may significantly fluctuate or decline due to factors beyond Cinda HK's control such as macroeconomic factors affecting the PRC economy. For example, a downturn in the real estate market in the PRC may result in a decline in the value of the real properties used to secure Cinda HK's debt assets, to a level significantly below the outstanding balance of principal and interests of such debt assets. Any decline in the value of such collateral may reduce the amounts that Cinda HK can recover from such collateral and increase its impairment losses. Some of the guarantees relating to Cinda HK'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 Cinda HKs could significantly decrease the amounts that Cinda HK may recover from such guarantees. Moreover, Cinda HK is subject to the risk that courts or other judicial or governmental authorities may declare a collateral to be invalid or otherwise decline or fail to grant judgment in favour of enforcing such collateral. Cinda HK 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. Moreover, Cinda HK obtains assets in satisfaction of debt when acquiring or disposing distressed assets and it does not intend to hold these assets in satisfaction of debt for the long term. Certain land and buildings in satisfaction of debt that Cinda HK currently holds have defects because the land use rights or the building ownership have not been obtained by the previous owners or transferred to Cinda HK. As a result, Cinda HK 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.

Cinda HK's financing business is subject to various risks.

An increase in interest rates, or the perception that such an increase may occur, could adversely affect Cinda HK's ability to finance at favourable interest rates. In addition, changes in interest rates or in the relationships between short-term and long-term interest rates or between different interest rate indices (e.g. spread risk) could lead to a mismatch between interest income and interest expense. If the interest expenses incurred in Cinda HK's financing business grows without a match of the increase of interest income from other businesses, Cinda HK's business, financial condition and results of operations will be materially and adversely affected.

The lack of financing sources will directly affect Cinda HK's capability to do financing business. If there are changes in international and/or domestic macroeconomic conditions and policies, or if Cinda HK fails to maintain existing financing agreements with major parties, or if sufficient financing is not available to meet its business needs, or cannot be obtained on commercially acceptable terms, or at all, Cinda HK may not be able to manage the liquidity portfolio for China Cinda. China Cinda, in turn Cinda HK's business, financial condition and results of operations will be materially and adversely affected.

RISKS RELATING TO THE PRC AND HONG KONG

Cinda HK is subject to risks relating to the PRC's economic, political and social conditions, government policies, as well as the global economy.

The majority of Cinda HK's businesses, assets, operations and revenues with respect of its non-banking business are located in or derived from its operations in the PRC and Hong Kong, and as a result, Cinda HK's business, financial condition and results of operations are subject, to a significant degree, to the economic, political, social and regulatory environment in the PRC.

The economy of the PRC differs from the economies of most developed countries in many respects, including, among others, the extent of government involvement, level of development, growth rate, and control of foreign exchange and allocation of resources. The PRC economy has been undergoing a transition from a planned economy to a market-oriented economy. However, a substantial portion of productive assets in the PRC is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government still retains significant control over the PRC's economic growth through the allocation of resources, controlling payment of foreign currency-denominated liabilities, setting monetary policy and providing preferential treatment to particular industries or enterprises. In general, the economy of the PRC has experienced rapid growth in 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., which then dropped to 3.0 per cent. in 2022. In 2023, China's GDP reached RMB126.06 trillion, representing year-on-year growth of 5.2 per cent. However, there can be no assurance the PRC economy will be able to maintain this level of sustainable growth in the future. In May 2017, Moody's downgraded the sovereign credit rating of the PRC from Aa3 to A1 and in December 2023, it changed its outlook to "negative" from "stable", reflecting Moody's expectation that economy-wide debt in the PRC will continue to rise as potential growth slows. In September 2017, Standard & Poor's downgraded the sovereign credit rating of the PRC from AA- to A+, citing its concerns over the level of economic and financial risks within the PRC. In addition, in April 2024, Fitch reaffirmed the A+ sovereign rating of the PRC but revised its outlook on China's Long-Term Foreign-Currency Issuer Default Rating to "negative" from "stable". This reflects concerns over China's public finances and economic challenges associated with transitioning from property-focused growth towards a more sustainable model. Cinda HK's performance has been and will continue to be affected by the PRC economy, which in turn is influenced by the global economy. The global economic slowdown and the turmoil in the global financial markets that began in the second half of 2008, the continued weakness in the United States economy and the sovereign debt crisis in Europe have collectively added downward pressure to China's economic growth.

Any of the above factors may materially and adversely affect Cinda HK's business, financial condition and results of operations. Cinda HK is unable to accurately predict the precise nature of all the risks and uncertainties associated with the current economic, political, social and regulatory conditions, and many of these risks and uncertainties are beyond its control.

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 income margin 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.

The financial industry in the PRC is highly regulated, and Cinda HK is subject to risks relating to changes in regulations or other governmental policies, including their interpretation and application.

The financial industry in the PRC is highly regulated. China Cinda and some of its subsidiaries are subject to regulations on various perspectives, including, capital adequacy ratio, business licences, the scope of operations, the scope of investments, as well as the specific regulatory requirements for each financial sector, such as banking, insurance, securities and financial leasing, in which they operate. Thus, as a member of Cinda Group, Cinda HK's business and operations are also affected by changes in policies, laws, rules and regulations of the PRC relating to the financial industry, such as those affecting the extent to which Cinda HK can engage in specific businesses, as well as changes in other governmental policies.

In addition, pursuant to applicable laws and regulations in Hong Kong and the PRC, Cinda HK and its subsidiaries are required to obtain or renew approvals, permits and licences with respect to Cinda HK's relevant operations from the government. In order to obtain such qualifications, Cinda HK is required to fulfil requirements of regulatory authorities in various aspects. In case Cinda HK fails to fulfil such regulatory requirements continuously, its qualifications of operation may be revoked by regulatory authorities, or it may be denied renewing its qualification upon its expiration, or it may fail to obtain the relevant approvals for any new businesses as planned. There is no assurance that Cinda HK can obtain or renew all necessary approvals, permits and licences on a timely basis. Failure to obtain the relevant approvals could subject it to sanctions, fines, penalties, revocation of licence or other punitive actions, including suspension of Cinda HK's business operations or restriction or prohibition on certain business activities, which may result in failure to commence new businesses as scheduled or falling behind Cinda HK's competitors in such sectors.

As the PRC financial industry is undergoing significant changes, relevant laws and regulations may change from time to time based on the developments of the financial markets. Most of the emerging businesses require further development and improvement, and there are uncertainties regarding the enforcement of existing policies and regulations in relation to these new businesses. There is no assurance that Cinda HK will be able to adapt to all such changes on a timely basis. Any changes in regulatory requirements may have a material and adverse effect on Cinda HK's business, financial condition and results of operations. In addition, there may be uncertainties regarding the interpretation and application of new policies, laws, regulations or accounting standards. Failure to comply with the applicable policies, laws, rules, regulations or accounting standards may result in fines and restrictions on Cinda HK's business operations, which could also have a material and adverse impact on its business, financial condition and results of operations.

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 (and 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 affect the business and financial conditions and performance of the Group as well as its future prospects.

Cinda HK is subject to the risks from an economic downturn in Hong Kong.

Around one third of Cinda HK's revenues arises from its business operation in Hong Kong. Cinda HK's performance and the quality and growth of its assets are necessarily dependent on the overall economy in Hong Kong. As a result, any downturn in the Hong Kong economy may materially and adversely affect Cinda HK's business, financial condition and results of operations.

On 1 July 1997, sovereignty over Hong Kong was transferred from the United Kingdom to the PRC, and Hong Kong became a Special Administrative Region of the PRC. As provided in the Sino-British Joint Declaration on the Question of Hong Kong and the Basic Law, which is Hong Kong's constitution, Hong Kong has a high degree of autonomy except in foreign and defence affairs. Under the Basic Law, Hong Kong has its own legislative, legal and judicial systems and full economic autonomy for 50 years. Nevertheless, there can be no assurance that such policies will not be significantly altered, especially in the wake of the proposal of the Fugitive Offenders and Mutual Legal Assistance in Criminal Matters Legislation (Amendment) Bill in June 2019. Future economic, political and social developments in the PRC could have significant effects on Hong Kong, which may materially and adversely affect the Group's business, results of operations and financial condition.

Civil unrest, protests, demonstrations or rioting causing mass disruption to businesses and transportation in 2019 and 2020 have also affected Cinda HK's operations. There is no assurance that any unforeseeable interruptions to the business and operations can be mitigated or avoided. Civil unrest and instability may also dampen market confidence and sentiments, which is outside the control of Cinda HK. Any demonstrations, protests or riots causing disruption to the city, the authorities' reaction to any such protests or riots if they recur, the Chief Executive's decision to make any declaration of a state of emergency and the instability of the political and economic conditions in the region, could adversely impact Cinda HK's business, financial condition and results of operations and the price of the Notes traded in the secondary market.

Cinda HK is subject to risks relating to the Hong Kong property market.

Cinda HK has higher exposures to property-related usage as compared to other industries. As at 31 December 2021, 2022 and 2023, loans and advances to customers for property-related usage in Hong Kong accounted for 12 per cent., 12 per cent., and 11 per cent., respectively of Cinda HK's total loans and advances to customers.

The Hong Kong property market is highly cyclical and property prices in general have historically been cyclical volatile. After a period of significant increases in property prices as a result of increased demand spurred by access to funding with lower interest rates and reduced supply, at the end of 2010, the Hong Kong government and the HKMA introduced property cooling measures such as a special stamp duty and reduced loan-to-value borrowings. Market consolidation in Hong Kong was experienced in the residential property market since these measures were introduced in 2010. On 26 October 2012, the financial secretary of the Hong Kong Government announced that the Stamp Duty Ordinance (Cap. 117) of the laws of Hong Kong ("**Stamp Duty Ordinance**") would be amended to adjust the rates and to extend the holding period in respect of the Special Stamp Duty ("**SSD**") imposed by the Stamp Duty (Amendment) Ordinance in 2011. Under the adjusted regime, any residential property acquired on or after 27 October 2012, either by an individual or a company (regardless of where it is incorporated), and resold within 36 months, will be subject to the new rates of SSD upon the enactment of the relevant legislation. The financial secretary also announced on 26 October 2012 that a Buyer's Stamp Duty ("**BSD**") would be introduced with effect from 27 October 2012 on residential properties acquired by any person (including a company incorporated) except a Hong Kong permanent resident. BSD is to be charged at a flat rate of 15 per cent. on all residential properties, on top of the existing stamp duty and the SSD, if applicable. On 22 February 2013, the financial secretary announced that the Hong Kong Government would further amend the Stamp Duty Ordinance to adjust the ad valorem stamp duty ("**AVD**") rates and to advance the charging of AVD on non-residential property transactions from the conveyance on sale to the agreement for sale. On 4 November 2016, the Hong Kong government announced further cooling measures in the form of an increase to stamp duty payable on property transactions to 15 per cent., effective from November 2016 and applying to all residential property acquisitions by individuals or companies with the exception of first-time home buyers who are Hong Kong permanent residents. The new 15 per cent. rate replaces the maximum 8.5 per cent. double AVD on non-first-time home purchases by Hong Kong permanent residents that had been in place since February 2013. However, as a result of the economic downturn and uncertainties surrounding the COVID-19 pandemic, the Stamp Duty (Amendment) Ordinance 2021 was gazetted on 19th March 2021 to lower the AVD rates for any instrument executed on or after 26th November 2020 for the sale and purchase or transfer of non-residential property. The Hong Kong government also abolished the double ad valorem stamp duty on non-residential properties on 26 November 2020. As the introduction of these measures are subject to policy changes reflecting domestic political or economic circumstances, there is no assurance that the Hong Kong government will not introduce further measures in the future that may have significant impact on the Hong Kong property market, which may in turn affect have a negative impact on Cinda HK's asset quality or an adverse effect on its business.

The trend of property prices in the Hong Kong property market depends on various factors which are beyond Cinda HK's control, including when the Hong Kong government will relax its cooling measures, the Hong Kong dollar interest rate movements (largely dependent on the timing and pace of United States interest rate hikes), capital outflow pressures in relation to global competitive monetary easing and currency depreciation, growth prospects of the Hong Kong economy, economic, Renminbi and property market developments in the PRC and changes in the property demand/supply balance in the Hong Kong market. Any substantial decreases in property values could materially and adversely affect Cinda HK's business, financial condition and results of operations. In order to control the concentration risk in this segment, Cinda HK has taken various measures, including setting portfolio limits. However, there can be no assurance that the downturn in property market in Hong Kong or the PRC will not have a negative impact on Cinda HK's asset quality or an adverse effect on Cinda HK's business.

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

Under the Enterprise Income Tax Law (企業所得稅法) ("**EIT Law**"), an enterprise established outside of China with a "de facto management body" within China is deemed a "resident enterprise," meaning that it can be treated as a PRC enterprise for enterprise income tax purposes, although dividends paid from one resident enterprise to another may qualify as "tax-exempt income". 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. The Notice of the State Administration of Taxation on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of their Body of Actual Management issued by the State Administration of Taxation on 22 April 2009 (Guo Shui Fa [2009] No. 82) (國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知) (國稅發[2009]82號) ("**Circular 82**") and amended on 29 December 2017 provides that a foreign enterprise controlled by a PRC company or a PRC company group will be treated as a "resident enterprise" with a "de facto management body" located within China 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 China; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in China; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within China; and (iv) at least half of the enterprise's directors with voting rights or senior management reside within China. Circular 82 also provides that the determination of the "de facto management body" shall be governed by the principle of substance over formality. The Administration of Taxation of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises (for Trial Implementation) issued by the State Administration of Taxation on 27 July 2011 (境外註冊中資控股居民企業所得稅管理辦法(試行)) ("**Circular 45**") and respectively amended on 1 June 2015, 1 October 2016 and 15 June 2018, further prescribes the rules concerning the recognition, administration and taxation of a foreign enterprise "controlled by a PRC enterprise or PRC enterprise group." Circular 45 provides that the tax authority may determine that the foreign enterprise is a resident enterprise after an investigation.

Cinda HK and the Issuer believe that they are currently not PRC resident enterprises. However, since (i) Cinda HK and the Issuer are directly or indirectly controlled by China Cinda, which is a joint stock limited company incorporated in the PRC; (ii) substantially all of Cinda HK's and the Issuer's directors and senior management were nominated by China Cinda; and (iii) such directors and senior management are required to report to China Cinda from time to time, there is no assurance that Cinda HK 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 per cent. on their global income in the future. Provided that Cinda HK 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 Cinda HK 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 non-resident enterprises 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 Cinda HK 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 enterprise Noteholders. Pursuant to the EIT Law, the PRC Individual Income Tax 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 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 sold 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 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 Cinda HK 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 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.

Cinda HK is subject to the risks relating to fluctuations in the value of Renminbi.

While Cinda HK's financial statement recording currency is Hong Kong dollars, a portion of its revenue and expenses are denominated in Renminbi. As a result, fluctuations in exchange rates, particularly Renminbi against Hong Kong dollars or U.S. dollars, could affect Cinda HK's profitability and may result in exchange losses of Renminbi-denominated assets and liabilities.

The volatility in exchange rate of Renminbi against U.S. dollars and other currencies is affected by, among other factors, changes in the PRC and international political and economic conditions and the fiscal and currency policies of the PRC government. From 1994 to 20 July 2005, the official exchange rate for the conversion of 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 Renminbi exchange rate to fluctuate within a regulated range that is based on market supply and demand with reference to a basket of currencies. Renminbi appreciated more than 20% against U.S. dollars over the following three years. From July 2008 to June 2010, Renminbi traded within a narrow range against U.S. dollars. 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. The floating band was expanded to 1.0% on 16 April 2012 and further to 2.0% on 17 March 2014. These changes in currency policy resulted in significant appreciation of the Renminbi against the U.S. dollar. In August 2015, the Renminbi experienced a substantial devaluation as a result of adjustments made by the PBOC to the Renminbi to U.S. dollar exchange rate, by taking into account market-maker quotes before announcing the daily midpoint. In the fourth quarter of 2016, the Renminbi further depreciated in the backdrop of a surging U.S. dollar and persistent capital outflows of China. From the second quarter of 2018, the Renminbi experienced another round of depreciation due to the trade war between China and United States. 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. For more details, see "*Exchange Rate Information*". 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 appreciation or depreciation against the Hong Kong dollar or U.S. dollar in the future. Any significant increase in the value of the Hong Kong dollar against foreign currencies could reduce the value of Cinda HK's foreign currency-denominated revenue and assets.

RISKS RELATING TO THE NOTES AND THE GUARANTEE

Risks Relating to the Notes and the Guarantee.

The Financial Institutions (Resolution) Ordinance may adversely affect the Notes.

On 7 July 2017, the Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong (the "**FIRO**") came into operation. The FIRO provides for, among other things, the establishment of a resolution regime for authorised institutions and other within scope financial institutions in Hong Kong which may be designated by the relevant resolution authorities, which include NCB (a "**FIRO Group Entity**"). The resolution regime seeks to provide the relevant resolution authorities with administrative powers to bring about timely and orderly resolution in order to stabilise and secure continuity for a failing authorised institution or within scope financial institution in Hong Kong. In particular, in the context of a resolution of any FIRO Group Entity, the relevant resolution authority will have the ability to resolve other entities within the Group as if it were a within scope financial institution for the purposes of FIRO and take certain actions and make certain directions in relation to it. Any such actions could potentially affect contractual and property rights relating to NCB and/or Cinda HK. In addition, the relevant resolution authority is provided with powers to affect contractual and property rights as well as payments (including in respect of any priority of payment) that creditors would receive in resolution. These may include, but are not limited to, powers to cancel, write off, modify, convert or replace all or a part of the Notes or the principal amount of, or interest on, the Notes, and powers to amend or alter the contractual provisions of the Notes, all of which may adversely affect the value of the Notes, and the holders thereof may suffer a loss of some or all of their investment as a result.

Holders of Notes (whether senior or subordinated) may become subject to and bound by the FIRO. The implementation of FIRO remains untested and certain detail relating to FIRO will be set out through secondary legislation and supporting rules. Therefore, Cinda HK is unable to assess the full impact of FIRO on the financial system generally, Cinda HK's counterparties, Cinda HK, NCB, any of its consolidated subsidiaries or other entities, Cinda HK's operations and/or its financial position.

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 Guarantor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's or Guarantor's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's or Guarantor's indebtedness.

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

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

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

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

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

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

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

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

The Notes are 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 their 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. A potential investor should ensure that he has sufficient knowledge and experience (either alone or with the help of a financial adviser) to make his own legal, tax, accounting and financial evaluation of the merits and risks of investing in the Notes and that he considers the suitability of the Notes as an investment in light of his own circumstances and financial condition.

The obligations of the Guarantor under the Guarantee are structurally subordinated to the liabilities and obligations of its subsidiaries (other than those of the Issuer under the Notes).

The Guarantor's ability to perform its obligations under the Guarantee is effectively dependent on the cash flow of its subsidiaries (other than those of the Issuer under the Notes). Any claim by the Trustee against the Guarantor in relation to the Guarantee will be effectively subordinated to all existing and future obligations of the Guarantor's subsidiaries (which have not provided the Guarantee) other than those of the Issuer under the Notes, and all claims by creditors of such subsidiaries will have priority to the assets of such entities over the claims of the Trustee under the Guarantee.

Investors shall pay attention to any modification and waivers.

The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The terms and conditions of the Notes 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.

The terms and conditions of the Notes also provide that the Trustee may (but shall not be obliged to) agree, without the consent of Noteholders, to (i) any modification that is of a forma, 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, that is not materially prejudicial to the interests of the Noteholders.

Investors shall be aware of the effect of change of law.

The Trust Deed governing the Notes is based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

Limited liquidity of the Notes may affect the market price of the Notes.

The Notes will not be registered under the Securities Act or the securities or blue sky laws of any state of the United States. The Notes are being offered and sold either to non-U.S. persons in offshore transactions within the meaning of and in compliance with Regulation S under the Securities Act or pursuant to another exemption from the registration requirements of the Securities Act. Consequently, the Notes are subject to restrictions on transfer and resale.

The Notes are a new issue of securities with no established trading market. However, if for any reason the Notes are not listed, the liquidity of the Notes may be negatively impacted.

A liquid or active trading market for the Notes may not develop. If an active trading market for the Notes does not develop or does develop and is not maintained, the market price of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial issue price, depending on prevailing interest rates, the market for similar securities, China Cinda's performance and other factors. See "*Subscription and Sale*".

In addition, the Notes may initially be sold to a small number of investors. A limited number of investors may purchase a significant portion of the Notes offered. The existence of any such significant holder(s) of the Notes may reduce the liquidity of the Notes in the secondary trading market. Accordingly, the Guarantor cannot predict whether an active trading market for the Notes will develop or be sustained, in which case investors may not be able to resell their Notes at their fair market value or at all. 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, China Cinda's operations and the market for similar securities.

The Guarantor will require a significant amount of cash to meet its obligations under its indebtedness and to sustain its operations, which the Guarantor may not be able to generate or raise.

The Guarantor's ability to make scheduled payments on the Notes and the Guarantor's ability to make payments on its indebtedness and its contractual obligations and to fund its ongoing operations will depend on its future performance and its ability to generate cash, which to a certain extent is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in this "*Risk Factors*" section, many of which are beyond the Guarantor's control. If China Cinda's future cash flows from operations and other capital resources are insufficient to pay its debt obligations, its contractual obligations, or to fund its other liquidity needs, the Guarantor may be forced to sell assets or attempt to restructure or refinance its existing indebtedness. No assurance can be given that the Guarantor would be able to accomplish any of these measures on a timely basis or on satisfactory terms or at all.

China Cinda, 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.

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

The Group has a large number of subsidiaries, whether onshore or offshore, which operate and provide a wide-range of financial services. The Group from time to time and during its ordinary course of business enter into financing agreements or investment arrangements with financial institutions and relevant parties. There is no assurance that non-compliance or dispute will not occur under such agreements or arrangement, or if they occur, that they will be properly rectified.

If the Issuer or the Guarantor is unable to comply with the restrictions and covenants in the Notes, or is unable to comply with its current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements which are not rectifiable, or rectifiable but not rectified, unless the Guarantor or the relevant subsidiaries, as the case may be, are able to obtain timely waivers or otherwise remedy such breaches, the creditors of the debt could terminate their commitments to lend to the Issuer or the Guarantor, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of the Group's debt agreements, and the Notes, contain (or may in the future contain) cross-acceleration or cross-default provisions. As a result, any default by the Issuer or the Guarantor, or any other member of the Group, under one debt agreement may cause the acceleration of repayment of debt or result in a default under its other debt agreements. If any of these events occur, there can be no assurance that the assets and cash flows of the Guarantor or its subsidiaries would be sufficient to repay in full all of their respective debts as they become due, or that the Guarantor or its subsidiaries would be able to find alternative financing. Even if the Guarantor and its subsidiaries could obtain alternative financing, there can be no assurance that such financing would be on terms that are favourable or acceptable to the Guarantor or, as the case may be, its subsidiaries.

The Guarantor may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Trust Deed governing the Notes.

Upon the occurrence of certain events constituting a "Change of Control Triggering Event," as such term is defined in the Trust Deed governing the Notes, the Issuer is required to make an offer to repurchase all outstanding Notes at a purchase price in cash equal to 101 per cent. of the principal amount of the Notes. If a Change of Control Triggering Event were to occur, no assurance can be given that the Issuer would have sufficient funds available at such time to pay the purchase price of the outstanding Notes. A Change of Control Triggering Event may result in an event of default under, or acceleration of, other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the Change of Control Triggering Event itself does not.

The Change of Control provision contained in the Trust Deed governing the Notes may not necessarily afford Noteholders protection in the event of certain important corporate events, including a reorganisation, restructuring, merger, recapitalisation, sale of all or substantially all assets or other similar transaction that may adversely affect Noteholders, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "Change of Control". Except as described under "Terms and Conditions of the Notes – Repurchase Upon a Change of Control Triggering Event", the Trust Deed governing the Notes does not contain provisions that require the Guarantor to offer to repurchase or redeem the Notes in the event of a reorganisation, restructuring, merger, recapitalisation, sale of all or substantially all assets or similar transaction.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 Guarantor 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.

There might be difficulties in effecting service of legal process and enforcing judgments against the Guarantor and its management.

The Terms and Conditions of the Notes and the transaction documents are governed by English law and the Issuer and the Guarantor have submitted to the exclusive jurisdiction of the Hong Kong courts. Although the Guarantor is a company incorporated under the laws of Hong Kong, a substantial portion of its assets and some of its subsidiaries are located in the PRC. In addition, most of the Guarantor's directors, supervisors and senior management reside within the PRC, and the assets of its directors, supervisors and senior management may be located within the PRC.

Moreover, it is understood that the enforcement of foreign judgments in the PRC is still subject to uncertainties. In addition, the mechanisms for enforcement of rights under the corporate governance framework to which the Guarantor is subject are also relatively undeveloped and untested. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by the courts in most other jurisdictions. Therefore, it may not be possible for investors to effect service of process upon the Guarantor or its management in the PRC.

On 18 January 2019, 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 (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 "**2019 Arrangement**"). The 2019 Arrangement has been implemented in Hong Kong by the Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance (Cap. 645), which came into operation on 29 January 2024. In the Mainland, the Supreme People's Court promulgated a judicial interpretation to implement the 2019 Arrangement on 25 January 2024 (the "**Judicial Interpretation**"). The 2019 Arrangement applies to judgments made on or after 29 January 2024.

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.

Under the 2019 Arrangement, where the Hong Kong court has given a legally effective judgment in a civil and commercial matter, any party concerned may apply to the relevant People's Court of the Mainland for recognition and enforcement of the judgment, subject to the provisions, limits, procedures and other terms and requirements of the 2019 Arrangement and the Judicial Interpretation. The recognition and enforcement of a Hong Kong court judgment could be refused if the relevant People's Court of the Mainland consider that the enforcement of such judgment is contrary to the basic principles of law of the Mainland or the social and public interests of the Mainland. While it is expected that the relevant People's Courts of the Mainland will recognise and enforce a judgment given by a Hong Kong court and governed by English law, there can be no assurance that such courts will do so for all such judgments as there is no established practice in this area.

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

The Notes, the Receipts, the Coupons and the Talons, the Trust Deed, Agency Agreement and the Guarantee are governed by English law, whereas parties to these documents are submitting to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken.

The 2019 Arrangement establishes a bilateral legal mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between the courts of Hong Kong and the PRC. However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts governed by English law, there can be no assurance that the PRC courts will do so for all such judgments, as the judicial practice in this area is relatively new and still evolves. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the Noteholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the Noteholders' ability to initiate a claim outside Hong Kong will be limited.

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.

The Issuer will follow the applicable corporate disclosure standards for debt securities listed on the Hong Kong Stock Exchange, which standards may be different from those applicable to companies in certain other countries.

The Issuer has been and will continue to be subject to reporting obligations in respect of the Notes to be listed on the Hong Kong Stock Exchange. The disclosure standards imposed by the Hong Kong Stock Exchange may be different than those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to what holders of Notes are accustomed to.

The ratings of the Programme may be downgraded or withdrawn.

The Programme has been assigned a rating of a rating of "BBB+" by S&P and a rating of "A-" by Fitch. In addition, the Guarantor has been assigned a rating of "Baa2 with a negative outlook" by Moody's, a rating of "BBB+ with a stable outlook" by S&P and a rating of "A- with a negative outlook" by Fitch.

In May 2017, Moody's downgraded China's sovereign credit rating from Aa3 to A1 and later adjusted the outlook to negative in December 2023. Similarly, Fitch maintained China's A+ rating in April 2024 but shifted its Long-Term Foreign-Currency Issuer Default Rating outlook to negative; consequently, Fitch downgraded the outlook for the credit rating of six PRC national banks from stable to negative. This reflects concerns over China's public finances and economic challenges associated with transitioning from property-focused growth towards a more sustainable model. Such concerns can potentially influence the ratings of other PRC financial institutions such as China Cinda and Cinda HK. In January 2024, Moody's downgraded the rating of China Cinda which also impacted the rating of the Programme and the Guarantor. There can be no assurance that Moody's or other rating agency will not make further adjustments to the ratings of China Cinda, China HK or the Programme in the future.

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

The insolvency laws of 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 British Virgin Islands and Hong Kong, respectively, any insolvency proceeding relating to the Issuer or the Guarantor would likely involve 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).

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 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 or the Guarantor or China Cinda, 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. Any 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, 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 steps and/or actions and/or institutes proceedings on behalf of holders of the Notes. The Trustee shall not be obliged to take any such steps and/or actions and/or institute any such proceedings 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 steps and/or actions can be taken and/or such proceedings can be instituted. The Trustee may not be able to take steps and/or actions and/or institute proceedings, notwithstanding the provision of an indemnity and/or security and/or prefunding to it, in breach of the terms of the Trust Deed 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 laws and regulations, it will be for the holders of the Notes to take such steps and/or actions and/or institute such proceedings directly.

The Notes may be redeemed by the Issuer before maturity at a redemption price equal to 100 per cent. of the principal amount plus accrued and unpaid interest in the event that any of the Issuer or the Guarantor is treated as a "resident enterprise" of the PRC and hence need to pay Additional Amounts.

As discussed above under "*Risk Factors – Risks Relating to the PRC and Hong Kong – Under the Enterprise Income Tax Law, Cinda HK or the Issuer may be classified as a 'resident enterprise' of the PRC. Such classification could result in unfavourable tax consequences to Cinda HK, the Issuer and non-PRC Noteholders*.", the Issuer and the Guarantor may be required under the EIT Law and Circular 36 to withhold PRC taxes on interest paid to non-resident Noteholders. Subject to certain exceptions set forth in "*Terms and Conditions of the Notes – Redemption – Redemption for Taxation Reasons*," in the event that any of the Issuer or the Guarantor, as the case may be, is required to pay Additional Amounts (as defined in "*Terms and Conditions of the Notes*") with respect to any PRC withholding taxes as a result of (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined in the "*Terms and Conditions of the Notes*"), or (2) any change in the, or announcement of any, official interpretation or official application of such laws, regulations or rulings, which results in the Issuer or the Guarantor being treated as a PRC resident enterprise, the Issuer may redeem the Notes, in whole but not in part, at a redemption price equal to 100 per cent. of the principal amount plus accrued and unpaid interest (including any Additional Amounts). In addition, the Issuer may redeem the Notes if as a result of certain changes or amendments to laws & regulations and rulings or change in or announcement of their official application, payment to the Issuer, by the Guarantor or any wholly-owned subsidiary of the Guarantor to enable the Issuer to pay interest or additional amounts is subject to withholding or deduction of taxes. If the Issuer is unable to redeem the Notes, the requirement to pay Additional Amounts will increase the cost of servicing interest payments on the Notes and could have a material adverse effect on the ability to pay interest on, and repay the principal amount of, the Notes, as well as the profitability and cash flow of the Issuer or the Guarantor.

Considerations related to a particular issue of Notes.

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:

(a) Notes subject to optional redemption by the Issuer

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 will generally 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 its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor would generally not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate 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.

(b) Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each a "**Relevant Factor**"). In addition, 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) the payment of principal or interest may occur at a different time or in a different currency than expected;

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

(v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable will likely be magnified; and

(vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

(c) Partly-paid Notes

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

(d) Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. 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 those features.

(e) Inverse Floating Rate Notes

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 are typically 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.

(f) Fixed/Floating Rate Notes

Fixed/Floating Rate 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/Floating 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.

(g) Notes issued at a substantial discount or premium

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.

Risks relating to Notes which are linked to "benchmarks".

Certain Interbank Offered Rates and other interest rate or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. Regulation (EU) 2016/1011 (the "**EU Benchmark Regulation**") was published in the Official Journal of the European Union on 29 June 2016 and has applied from 1 January 2018 (with the exception of provisions specified in Article 59 (mainly on critical benchmarks) that have applied since 30 June 2016). Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Benchmark Regulation**") among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed). The EU Benchmark Regulation and/or the UK Benchmark Regulations, as applicable, could have a material impact on any Notes linked to the Euro Interbank Offered Rate ("**EURIBOR**") or another "benchmark" rate or index, in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the terms of the EU Benchmark Regulation and/or the UK Benchmark Regulation as applicable, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. In addition, each of the EU Benchmark Regulation and the UK Benchmark Regulation stipulates that each administrator of a "benchmark" regulated thereunder must be licensed by the competent authority of the Member State where such administrator is located. There is a risk that administrators of certain "benchmarks" will fail to obtain a necessary licence, preventing them from continuing to provide such "benchmarks". Other administrators may cease to administer certain "benchmarks" because of the additional costs of compliance with the EU Benchmark Regulation, the UK Benchmark Regulations and other applicable regulations, and the risks associated therewith. There is also a risk that certain benchmarks may continue to be administered but may in time become obsolete.

On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area.

Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or the benchmark could be eliminated entirely, or there could be other consequences that cannot be predicted. Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities based on the same benchmark.

The Terms and Conditions of Notes provide for certain fallback arrangements in the event that a published benchmark, such as EURIBOR, HIBOR, CNH HIBOR and/or any page on which such benchmark may be published (or any other successor service) becomes unavailable or a Benchmark Event (a defined in the Terms and Conditions) otherwise occurs. Such fallback arrangements include the possibility that the Rate of Interest could be set by reference to a Successor Rate or an Alternative Rate (both as defined in the Terms and Conditions of the Notes), with or without the application of an adjustment spread and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the successor or replacement benchmark, all as determined by the Issuer (acting in good faith and in consultation with an Independent Adviser). If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Rate is determined, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates, the involvement of an Independent Adviser and the potential for further regulatory developments there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes. Investors should consider these matters when making their investment decision with respect to the relevant Floating Rate Notes.

Risks Relating to Renminbi Denominated Notes.

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

Investment in the Renminbi Notes is subject to exchange rate risks.

The value of Renminbi against the Hong Kong dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. The Issuer will make all payments of interest and principal with respect to the Renminbi Notes in Renminbi. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. See "*Exchange Rate*." If the value of Renminbi depreciates against the Hong Kong dollar or other foreign currencies, the value of the investment made by a holder of the Renminbi Notes in Hong Kong dollars or any other foreign currency terms will decline.

Investment in the Renminbi Notes is subject to interest rate risks.

The PRC government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. The trading price of the Renminbi Notes will vary with the fluctuations in the Renminbi interest rates. If holders of the Renminbi Notes propose to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested.

Renminbi is not freely convertible; there are significant restrictions on the remittance of Renminbi into and outside of the PRC which may adversely affect the liquidity of 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 significant reduction in control by it in recent years over routine foreign exchange transactions under current account items. Participating banks in Hong Kong and in other jurisdictions have been permitted to engage in the settlement of current account trade transactions in Renminbi under certain pilot schemes. However, remittance of Renminbi by foreign investors into the PRC for purposes known as capital account items, such as capital contributions, is generally permitted only upon obtaining specific approvals from, or completing specific registrations or filings with relevant authorities on a case-by-case basis and subject to a strict monitoring system. Although the PRC government is liberalising the control over cross-border Renminbi remittances (especially given the goal to achieve full convertibility of capital accounts (if the risk is under control) and promote convenient cross-border Renminbi flow in the China (Shanghai) Pilot Free Trade Zone) and, from 1 October 2016, Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund, there is no assurance that the PRC government will continue to gradually liberalise control over cross border remittance of Renminbi in the future or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance their obligations under Notes denominated in Renminbi.

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

According to the monetary statistics released by the HKMA, at the end of December 2022, the total amount of Renminbi deposits held by institutions authorised to engage in Renminbi banking business in Hong Kong amounted to approximately RMB835.9 billion.

While the PBOC has established Renminbi clearing and settlement mechanisms for participating banks in a number of financial centres and cities (each, an "**Renminbi Clearing Bank**"), including but not limited to Hong Kong, Singapore and Taiwan, through settlement agreements on the clearing of Renminbi business (the "**Settlement Agreements**") with Bank of China (Hong Kong) Limited in Hong Kong, Industrial and Commercial Bank of China, Singapore Branch in Singapore and Bank of China Limited, Taipei Branch in Taiwan (each, a "**Renminbi Clearing Bank**"), the current size of Renminbi-denominated financial assets outside the PRC is limited.

There are restrictions 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. The Renminbi Clearing Bank only have access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC 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 Agreements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer is required to source Renminbi outside the PRC to service the Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

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 the prevailing 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. The Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by check or draft or by transfer to a bank account in China).

EXCHANGE RATE

PRC

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the markets during the prior day. The PBOC also takes into account other factors such as the general conditions existing in the international foreign exchange market. Since 1994, the exchange rate for the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, has been set by the PBOC based on the previous day's inter-bank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. On 21 July 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to that of the U.S. dollar to allow the value of the Renminbi to fluctuate within a narrow and managed band based on market supply and demand and by reference to a basket of currencies. This change in policy has resulted in a significant appreciation of the Renminbi against the U.S. dollar.

The PRC government has made further adjustments to the exchange rate system. The PBOC authorised the China Foreign Exchange Trading Centre, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi at 9:15 a.m. each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and as the over-the-counter exchange rate for that business day. On 18 May 2007, the PBOC enlarged, effective from 21 May 2007, the floating band for the trading prices in the interbank spot exchange market of the Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. On 19 June 2010, the PBOC announced that in view of the recent economic situation and financial market developments in China and abroad, and as the balance of payments situation in China, it has decided to proceed further with the reform of the Renminbi exchange rate regime and to enhance the Renminbi exchange rate flexibility. According to the announcement, the exchange rate floating bands will remain the same as previously announced but the PBOC will place more emphasis on reflecting the market supply and demand with reference to a basket of currencies. On 12 April 2012, the PBOC announced that effective from 16 April 2012, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar would be enlarged from 0.5 per cent. to 1.0 per cent. around the central parity rate, which allows the Renminbi to fluctuate against the U.S. dollar by up to 1.0 per cent. above or below the central parity rate published by the PBOC. The PRC government may in the future make further adjustments to the exchange rate system.

Although the PRC governmental policies have been introduced in 1996 to relax restrictions on the convertibility of the Renminbi into foreign currency for current account items, conversion of the Renminbi into foreign currency for capital items, such as foreign direct investment, loans or security, still requires the approval of the SAFE and other relevant authorities. On 11 August 2015, the PBOC adopted a more market-oriented approach and announced that the midpoint for the value of the Renminbi against the U.S. dollar would be quoted by the market makers with reference to the closing rate of the previous trading session.

On 11 December 2015, the China Foreign Exchange Trade System, a sub-institutional organisation of the PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. The International Monetary Fund announced on 30 September 2016 that Renminbi joins the currency basket of the Special Drawing Rights. Since October 2016, Renminbi experienced significant fluctuation in value against U.S. dollar but rebounded and appreciated significantly against U.S. dollar during 2017 and 2018. On 5 August 2019, PBOC set the daily reference of Renminbi rate below RMB7.0 per U.S. dollar for the first time since May 2008 amidst an uncertain trade and global economic climate. The PRC government may in the future make further adjustments to the exchange rate system.

The following table sets forth for the periods indicated, certain information concerning the exchange rates between the Renminbi and U.S. dollars. The exchange rates reflect the noon buying rates as set forth in the H.10 statistical release of the Federal Reserve Board.

	Exchange Rate			
Period	**Period end**	**Average(1)**	**High**	**Low**
	(RMB per US$1.00)			
2018	6.8755	6.6292	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.9042	7.1681	6.5208
2021	6.3726	6.4382	6.5716	6.3435
2022	6.8972	6.7518	7.3048	6.3084
2023	7.0999	7.0896	7.3430	6.7010
2024				
January	7.1673	7.1707	7.1961	7.1426
February	7.1977	7.1935	7.1982	7.1799
March	7.2289	7.1950	7.2289	7.1804
April	7.2401	7.2374	7.2464	7.2305
May (through 10 May 2024)	7.2260	7.2264	7.2405	7.2071

Note:

(1) Calculated by averaging the rates on the last business day of each month during the relevant year, except for monthly average rates, which were calculated by averaging the daily rates for such month or part thereof.

HONG KONG

The Hong Kong dollar is freely convertible into other currencies, including the U.S. dollar. Since 17 October 1983, the Hong Kong dollar has been linked to the U.S. dollar at the rate of HK$7.80 to US$1.00. The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China (the "**Basic Law**"), which came into effect on 1 July 1997, provides that no foreign exchange control policies shall be applied in Hong Kong.

The market exchange rate of the Hong Kong dollar against the U.S. dollar continues to be determined by the forces of supply and demand in the foreign exchange market. However, against the background of the fixed rate system which applies to the issuance and withdrawal of Hong Kong currency in circulation, the market exchange rate has not deviated significantly from the level of HK$7.80 to US$1.00. In May 2005, the HKMA broadened the 22-year-old trading band from the original rate of HK$7.80 per U.S. dollar to a rate range of HK$7.75 to HK$7.85 per U.S. dollar. The Hong Kong government has indicated its intention to maintain the link within that rate range. Under the Basic Law, the Hong Kong dollar will continue to circulate and remain freely convertible. The Hong Kong government has also stated that it has no intention of imposing exchange controls in Hong Kong and that the Hong Kong dollar will remain freely convertible into other currencies, including the U.S. dollar. However, no assurance can be given that the Hong Kong government will maintain the link within the current rate range or at all.

The following table sets forth for the periods indicated, certain information concerning the exchange rates between the Hong Kong dollar and U.S. dollars. The exchange rates reflect the noon buying rates as set forth in the H.10 statistical release of the Federal Reserve Board.

	Exchange Rate			
Period	**Period end**	**Average[(1)]**	**High**	**Low**
	(HK$ per US$1.00)			
2018	7.8305	7.8376	7.8499	7.8043
2019	7.7894	7.8335	7.8499	7.7850
2020	7.7534	7.7562	7.7951	7.7498
2021	7.7996	7.7752	7.8034	7.7515
2022	7.8015	7.8324	7.8499	7.7693
2023	7.8109	7.8309	7.8499	7.7920
2024				
January	7.8175	7.8165	7.8263	7.8078
February	7.8286	7.8236	7.8286	7.8185
March	7.8219	7.8222	7.8289	7.8198
April	7.8210	7.8305	7.8368	7.8210
May (through 10 May 2024)	7.8135	7.8166	7.8234	7.8116

Note:

(1) Calculated by averaging the rates on the last business day of each month during the relevant year, except for monthly average rates, which were calculated by averaging the daily rates for such month or part thereof.

SUMMARY OF PROVISION 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 (the "**Common Depositary**") or a sub-custodian for the CMU.

Upon the initial deposit of a Global Note or a Global Certificate with the Common Depositary or with a sub-custodian for the CMU or registration of Registered Notes in the name of (i) any nominee for the Common Depositary or for Euroclear and Clearstream or (ii) the HKMA as operator of the CMU and delivery of the relevant Global Note or Global Certificate to the Common Depositary or the sub-custodian for the CMU (as the case may be), Euroclear or Clearstream or the CMU (as the case may be) will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream or other clearing systems.

RELATIONSHIP OF ACCOUNTHOLDERS WITH CLEARING SYSTEMS

Each of the persons shown in the records of Euroclear, Clearstream or any other clearing system (an "**Alternative Clearing System**") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

If a Global Note or a Global Certificate is lodged with a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the CMU Rules as notified by the CMU to the CMU Lodging and Paying Agent 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 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 Lodging and Paying Agent (as agent of the Issuer) for his share of each payment so made by the Issuer in respect of such Global Note or Global Certificate.

EXCHANGE

Temporary Global Notes

Each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "S*ubscription and Sale – Selling Restrictions*"), in whole, but not in part, for the Definitive Notes defined and described below; and

(ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a Permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

The CMU may require that any such exchange for a Permanent Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Issue Position Report (as defined in the rules of the CMU) or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) have so certified.

The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for Definitive Notes is improperly withheld or refused. The payments in respect of a Note issued under the D Rules pursuant to Condition 6(e) of the Conditions may not be collected without certificate as to non-U.S. beneficial ownership.

Further Issues

In respect of a Note issued under the D Rules, for the purpose of dealing in Euroclear or Clearstream or the CMU, any further issue of Notes by the Issuer pursuant to Condition 15 of the Conditions may not be consolidated and form a single series with the outstanding securities of any series (including the Notes) until the exchange of interests in a Temporary Global Note for interests in a Permanent Global Note upon the relevant Certification.

Permanent Global Notes

Each Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under the paragraph below, in part for Definitive Notes if the Permanent Global Note is held on behalf of Euroclear, Clearstream, the CMU or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

For so long as a Permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Global Note will be exchangeable in part if so provided, and in accordance with, the Conditions relating to Partly Paid Notes.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Global Certificates

The following will apply in respect of transfers of Notes represented by a Global Certificate on issue and held in Euroclear, Clearstream, the CMU or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system. Transfer of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) of the Conditions may only be made in part if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so provided that, in the case of the first transfer of part of a holding, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

In the event that a Global Certificate is exchanged for a definitive Certificate, such definitive Certificate shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive certificate in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Delivery of Notes

On or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent).

In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. Global Notes, Global Certificates and Definitive Notes will be delivered outside the United States and its possessions.

In this Offering Circular, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

Exchange Date

"**Exchange Date**" means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent (or the CMU Lodging and Paying Agent) is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The Temporary Global Notes, the Permanent Global Notes and the Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the Conditions set out in this Offering Circular. The following is a summary of certain of those provisions:

Payments

No payment falling due after the Exchange Date will be made on any Temporary 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 the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note (except with respect to a Global Note held through the CMU) will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be enfaced on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Conditions 7(f)(vi) and 8(c) of the Conditions will apply to the Definitive Notes only. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation (if applicable) shall be disregarded in the definition of "**business day**" set out in Condition 7(h) of the Conditions.

All payments in respect of Notes represented by a Global Certificate (other than a Global Certificate held through the CMU) will be made to 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 a CMU Issue Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) and, save in the case of final payment, no presentation of the relevant Global Note or Global Certificate shall be required for such purpose.

Prescription

Claims against the Issuer and/or the Guarantor in respect of Notes that are represented by a Permanent Global Note will become void unless it is presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 9 of the Conditions).

Meetings

The holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall (unless such Permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes.

Cancellation

Cancellation of any Note represented by a Temporary or Permanent Global Note that is required to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Temporary or Permanent Global Note or its presentation to or to the order of the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) for endorsement in the relevant schedule of such Temporary or Permanent Global Note or, in the case of a Global Certificate, by reduction in the aggregate principal amount of the Certificates in the Register, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

Purchase

Notes represented by a Permanent Global Note or by a Global Certificate may only be purchased by the Issuer, the Guarantor, the Company or any of their respective subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

Issuer's Option

Any option of early redemption of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note or by a Global Certificate shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, the CMU or any other clearing system (as the case may be).

Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note or by a Global Certificate may be exercised by the holder giving notice to the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) within the time limits set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the Permanent Global Note to the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) or to a Paying Agent acting on its behalf, for notation. Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Global Certificate may be exercised in respect of all or some of the Notes represented by the Global Certificate.

Notices

So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of (i) Euroclear and/or Clearstream or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or (ii) the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Issue Position Report issued by the CMU on the business day preceding the date of despatch of such notice as holding interests in the relevant Global Note or the relevant Global Certificate, as the case may be.

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.

USE OF PROCEEDS

The net proceeds from each issue of the Notes will be used for working capital, investment, refinance of existing indebtedness and/or other general corporate purpose in accordance with applicable laws. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Group's indebtedness, equity and total capitalisation under HKFRS as at 31 December 2023.

	As at 31 December 2023	
	Actual	
	HK$	US$[2]
	(in '000)	
Indebtedness		
Borrowings from central bank	–	–
Bank and other borrowings	51,065,022	6,537,662
Bond issued	118,760,824	15,204,499
Total indebtedness[1]	169,825,846	21,742,161
Equity		
Equity attributable to equity holders of the company	29,373,644	3,760,597
Other equity instruments issued by a subsidiary	7,422,026	950,214
Non-controlling interests	455,415	58,305
Total equity[3]	37,251,085	4,769,116
Total capitalisation[4]	207,076,931	26,511,277

Notes:

(1) Total indebtedness equals the sum of borrowings from central bank, bank and other borrowings and bonds issued. For further updates in relation to the Guarantor's capitalisation and indebtedness since 31 December 2023, see "*Description of the Guarantor – Recent Developments*".

(2) Calculated at the exchange rate of US$1.00 = HK$7.8109 on 29 December 2023 as set forth in the H.10 statistical release of the Federal Reserve Board.

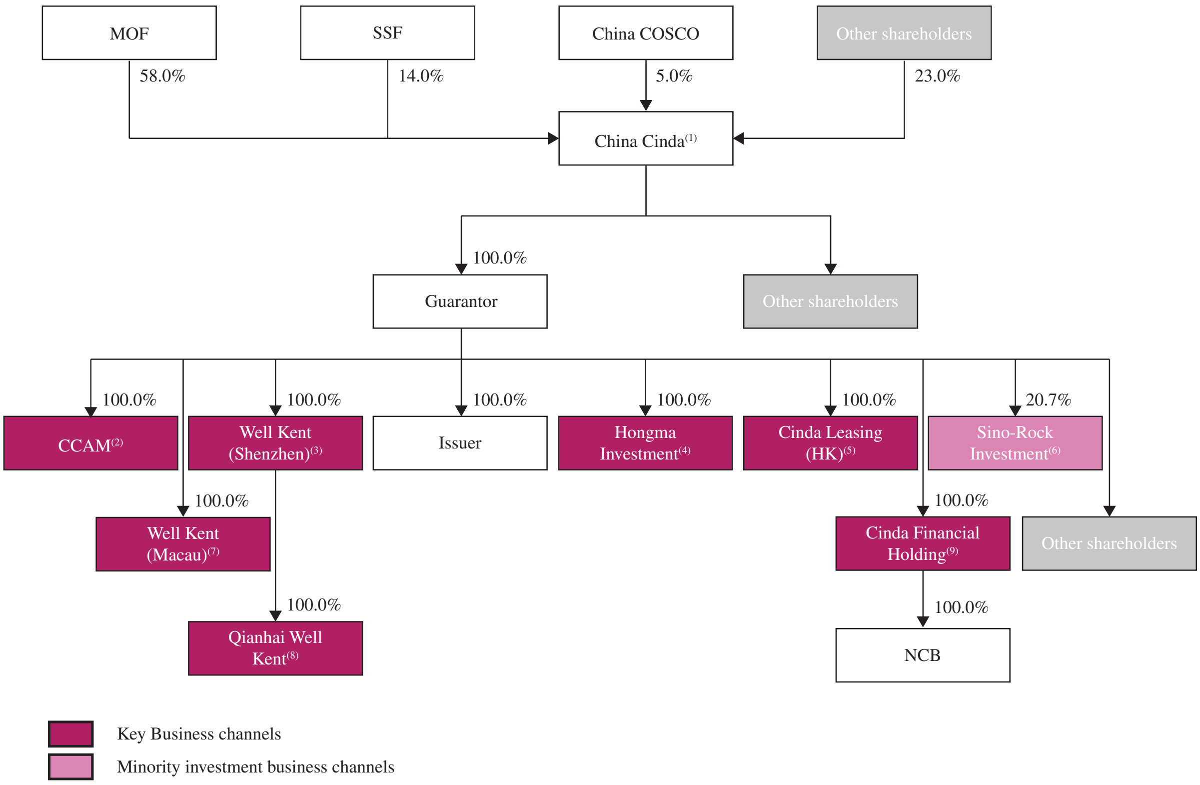
(3) Total equity equals the sum of equity attributable to equity holders of the company, other equity instruments issued by a subsidiary and non-controlling interests.

(4) Total capitalisation equals the sum of total indebtedness and total equity.

Except as disclosed in this Offering Circular, there has been no material adverse change in the Group's capitalisation since 31 December 2023. The Group may from time to time incur bank borrowings to finance the Group's operations during its ordinary course of business.

CORPORATION STRUCTURE

The following chart sets forth the corporation structure of Cinda HK and the major operating subsidiaries as at 31 December 2023.



Notes:

(1) China Cinda's shareholding structure is extracted from its 2023 annual results announcement available at the website of The Stock Exchange of Hong Kong Limited;

(2) China Cinda (HK) Asset Management Co., Limited (中國信達(香港)資產管理有限公司);

(3) Cinda HK indirectly holds 100% stakes in Well Kent International Enterprises (Shenzhen) Co., Ltd. (華建國際實業(深圳)有限公司) ("**Well Kent (Shenzhen)**") through its wholly-owned subsidiary, Cinda (China) Investments Company Limited (信達(中國)投資有限公司);

(4) Hongma (Shanghai) Investment Management Co., Limited (弘馬(上海)投資管理有限公司);

(5) Cinda HK indirectly holds 100% stakes in Cinda Leasing (HK) Co., Limited (信達租賃(香港)有限公司) ("**Cinda Leasing (HK)**") through China Cinda Foundation Management Company Limited (中國信達基金管理有限公司);

(6) Cinda HK indirectly holds 20.7% stakes in Sino-Rock Investment Management Company Limited (漢石投資管理有限公司) ("**Sino-Rock Investment**") through Well Kent International Holdings Company Limited (華建國際集團有限公司);

(7) Cinda HK indirectly holds 100% stakes in Well Kent International Holdings (Macau) Co., Ltd. (華建國際(澳門)有限公司) ("**Well Kent (Macau)**") through China Cinda (Macau) Asset Management Company Limited (中國信達(澳門)資產管理有限公司) ("**China Cinda (Macau)**") and China Cinda (HK) Investments Management Company Limited (中國信達(香港)投資管理有限公司);

(8) Shenzhen Qianhai Well Kent Equity Investment Co., Ltd. (深圳市前海華建股權投資有限公司); and

(9) Cinda Financial Holdings Co., Limited (信達金融控股有限公司).

DESCRIPTION OF THE ISSUER

OVERVIEW

The Issuer was incorporated as a BVI business company with limited liability on 26 November 2019 in the British Virgin Islands under the BVI Business Companies Act, 2004 (as amended). Its registered office is located at Craigmuir Chambers, PO Box 71, Road Town, Tortola, VG1110, British Virgin Islands and its registration number is 2026748. The Issuer is wholly owned by the Guarantor.

BUSINESS ACTIVITY

Under the Issuer's memorandum and articles of association, the Issuer has full capacity to carry on or undertake any business or activity, do any act or enter into any transaction that is not prohibited under any law for the time being in force in the British Virgin Islands. However, so long as the Notes are outstanding, the Issuer will limit its permitted activities as described under "*Terms and Conditions of the Notes*". The Issuer's primary purpose is to act as one of the Group's financing subsidiaries to issue and hold the Notes. The Issuer has no material business nor assets and does not have any employees. In the future, the Issuer may, either itself or through direct and indirect subsidiaries and associated companies, issue further notes or bonds and engage in other business activities related to us and may incur substantial liabilities and indebtedness.

DIRECTORS AND OFFICERS

The directors of the Issuer are Mr. Huang Qiang and Ms. Cao Yabing. The directors of the Issuer do not hold any shares or options to acquire shares of the Issuer.

There are no potential conflicts of interest between any duties of any of the management of the Issuer or the Guarantor to the Issuer or the Guarantor, respectively, and their private interests and/or other duties.

SHARE CAPITAL

The Issuer is authorised to issue up to a maximum of 50,000 shares of a single class each with a par value of US$1.00. As at the date of the Offering Circular, 10,000 shares which are held by the Guarantor have been issued and are fully paid. No part of the equity securities of the Issuer is listed or dealt in on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought.

FINANCIAL INFORMATION

The Issuer has not engaged, since its incorporation, in any activities other than those incidental to its incorporation, the authorisation, execution and issue of the Notes (and the issue of other notes under a medium term note programme established in 2020 with a programme limit of US$2,000,000,000 and the issue of CNY1,500,000,000 3.70 per cent. guaranteed bonds due 2026), and the documents and matters referred to or contemplated in this Offering Circular to which the Issuer is or will be a party and matters which are incidental or ancillary to the foregoing.

Other than those disclosed in this Offering Circular, as at the date of this Offering Circular, the Issuer has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unused), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

There are no other outstanding loans or subscriptions, allotments or options in respect of the Issuer.

The financial year of the Issuer runs from 1 January to 31 December. There has been no material change in the activities of the Issuer since its incorporation.

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

DESCRIPTION OF THE GUARANTOR

OVERVIEW

Cinda HK is a wholly-owned subsidiary of China Cinda, a leading AMC in China. Cinda HK is the sole strategic offshore platform of China Cinda and its subsidiaries. With a successful track record of more than 20 years, Cinda HK has swiftly achieved its strategic mission, linking Cinda Group with offshore capital markets and paving the way for overseas expansion. Cinda HK is also dedicated to maintaining and enhancing its position as Cinda Group's overseas platform through consolidating and leveraging the distinct expertise and competitive strengths of its subsidiaries and affiliates, including NCB, CCAM and other financial institutions licensed for multiple lines of regulated financial activities.

Cinda HK, based on its strong support received within Cinda Group, has become one of the most recognised offshore platforms among the state-owned AMCs, with its credit rating of "Baa2 with a negative outlook", "BBB+ with a stable outlook" and "A- with a negative outlook" from Moody's, S&P and Fitch, respectively. The strong support received from China Cinda includes not only liquidity support and credit enhancement but also management support as Cinda HK's board of directors and senior management are appointed by China Cinda which marks strong linkages between Cinda HK and China Cinda. Furthermore, Cinda HK also benefits from NCB's robust standalone credit profile including adequate capitalisation, sound asset quality, solid liquidity profile and stable profitability.

Cinda HK's main businesses include banking and non-banking business. Its non-banking business is composed of investment and financing segments, and serves the functions of "Three Platform", namely cross-border distressed asset management platform, core offshore liquidity management platform of China Cinda and overseas asset management platform of Cinda Group. Most of Cinda HK's revenue comes from its banking business, which is conducted through NCB. Earnings from investment business (including distressed asset related investment, liquidity management investment, and other investments) contribute to a large portion of Cinda HK's non-banking segment revenue. Distressed assets related investment business is the core of Cinda HK's investment business that lays a solid foundation for Cinda HK's sustainable development. Under the regulatory guidance of "Returning to the Fundamentals of AMC's Business (回歸主業)", Cinda HK actively pursues thematic distressed asset related investment opportunities. Serving as a bridge between China Cinda and overseas distressed asset markets, Cinda HK proactively delivers cross-border solutions to China Cinda and provides it with channels to identify potential investment targets and strategic partners. Through assets acquisition, debt tenor structure adjustment, non-cash repayment, debt-to-equity swap(s) and other restructuring approaches, Cinda HK revitalises the value of distressed assets and realises the investment profits.

For the year ended 31 December 2022, Cinda HK incurred consolidated net loss of HK$274 million. Although the Group's banking business remains relatively stable, and there was also improvement in the financial position in 2022 compared to that in 2021, Cinda HK's overall operation remained under pressure. The result of operation for the year ended 31 December 2022 was primarily affected by (i) the decrease in value on financial assets at fair value through profit or loss, due to the fluctuation of the year-end market price and valuation results of the investment projects and (ii) higher impairment losses compared with the same period in 2021 subject to, among others, market conditions and certain corporate borrowers' conditions which impact the recoverability of the counterparties. See also "*Risk Factors – Risks relating to Cinda HK's Overall Business – Cinda HK is subject to risks related to fluctuations in the macroeconomic and market conditions.*" for further information and discussion. For the year ended 31 December 2023, Cinda HK generated net profit of HK$225 million. The positive shift of the result of operation for the year ended 31 December 2023 was primarily affected by (i) the increase in the interest income due to the elevated US dollar interest rates and (ii) the increase in the investment income due to the increase in value on financial assets at fair value through profit or loss.

Cinda HK possesses a diversified client base in terms of geographical distribution of investment portfolio, industry coverage and investment products. Cinda HK has expanded its global footprint from mainland China, Hong Kong and other "Belt and Road Initiative" countries. As at 31 December 2023, the investments in Hong Kong, mainland of China and other areas account for 35 per cent., 39 per cent. and 26 per cent., respectively of the total investments made by Cinda HK in its non-banking segment.

Leveraging on the strong support and unparalleled resources of China Cinda, Cinda HK will continue to improve the quality of its service to strengthen its market position in Hong Kong and mainland China. It strives to increase the synergic effect both among its own business units and with China Cinda and continues to seek new development opportunities.

HISTORY AND DEVELOPMENT

The following table set forth the key development milestones in the Guarantor's history:

1998	Well Kent International (the predecessor of Cinda HK) was incorporated in Hong Kong and in charge of managing the distressed assets in Hong Kong and Macau held by China Construction Bank and the assets in Hong Kong held by China Agribusiness Development Trust & Investment (Hong Kong Holdings) Company, Limited (中國農村發展信託投資(香港集團)有限公司).
2000	The governing authority of Well Kent International was transferred from China Construction Bank (中國建設銀行股份有限公司) into China Cinda and the assets in custody were injected in China Cinda as capital.
2006	Well Kent International successfully disposed of most of the distressed assets previously held through asset restructuring, packaging, and reinvestment, and it started gradually shifted its business focus from distressed assets disposition to assets management and offshore investing and financing.
2008	Well Kent International reorganised, established and acquired a number of enterprises and affiliates to further expand its businesses and product offerings, including Silver Grant International Industries Limited, Sino-Rock Investment, Cinda International Holdings Limited (信達國際控股有限公司) ("Cinda International"), China Fortune Financial Group Limited (中國富強金融集團有限公司), Well Kent (Shenzhen) and Zhejiang Province Construction of Real Estate Development Company (浙江省建設房地產開發公司) (the predecessor of Zhejiang Cinda Asset Management Co., Ltd. (浙江信達資產管理有限公司)). The acquisition of Well Kent (Shenzhen) and Well Kent (Shenzhen) acted as pivot points for cross-border linkage and asset management business of the Company. The establishment of Sino-Rock Investment and acquisition of Cinda International became the starting point of the Company's offshore private equity investment and investment banking business.

2012	Well Kent International successfully issued RMB2 billion offshore bonds with the tenor of three years, being the first financial assets management company to issue RMB offshore bonds (via its offshore subsidiary).
2013	China Cinda was successfully listed on the main board of the Hong Kong Stock Exchange.
2014	Well Kent International changed its name into China Cinda (HK) Holdings Company Limited.
	Cinda HK successfully issued US$1.5 billion offshore bonds in accordance with Regulation S under the Securities Act and 144A Rules. Cinda HK is the first offshore strategic platform of asset management companies in the PRC to issue the USD denominated bonds in accordance with 144A Rules.
2016	Under the assistance from China Cinda, Cinda HK completed the acquisition of NCB which brings strong synergistic effect to the developing prospects, profit potential and competitive strength to Cinda Group.
	Cinda HK established Hongma Investment in Shanghai Free Trade Zone. Cinda HK had actively expanded cross-border business around its core business, aligned with the offshore capital market, and served the business needs of distressed assets and targets in China, under prudent investment strategies and risk appetite in line with regulations and regulatory guidance. Cinda HK's assets and earnings had witnessed a speedy and steady growth during the period, and Cinda HK has become China Cinda's only "strategic offshore investment and cross-border distressed asset management synergy platform, core liquidity management platform and asset management platform".
2018	Cinda HK has been actively and gradually returning to its main business, distressed assets management, leveraging the synergies realised through comprehensive business operation in both domestic and offshore markets to improve its cross-border interlink business offerings, support the real economy in full force, and assist mitigating the domestic financial risks in accordance with the regulatory guidance and Cinda Group's guideline.
2019	In November 2017, China Cinda announced its proposed transfer of 403,960,200 shares in Cinda International, representing approximately 63% of the voting right of Cinda International originally held by a wholly owned subsidiary of Cinda HK, to Cinda Securities, another wholly owned subsidiary of China Cinda. This internal restructuring was to streamline the equity investment relationship within Cinda Group and to strengthen the synergy effect of domestic and overseas securities businesses of Cinda Group with a focus to developing its securities business. This internal restructuring was completed in June 2019.

AWARDS

Cinda HK's proven track record is also demonstrated by the numerous awards that it has received, including, amongst others, the "Caring Company" granted by the Hong Kong Council of Social Service on 1 March 2019 and "2018/19 Good MPF Employer Award" from the Mandatory Provident Fund Schemes Authority. In 2020 and 2021, Cinda HK has received "Good MPF Employer Award", "e-Contribution Award" and "MPF Support Award" from the Mandatory Provident Fund Schemes Authority. In 2022, Cinda HK has received "Best Financial Service Award in the Guangdong-Hong Kong-Macao Greater Bay Area", "Good MPF Employee Award" and "5 Years Caring Company Award". In 2023, Cinda HK has received "5 Years Good MPF Employer Award" and the "5 Years Caring Company" awards.

COMPETITIVE STRENGTHS

Cinda HK 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.

Cinda HK is a leading overseas platform among the large AMCs.

Cinda HK is a leading business platform among oversea subsidiaries of the state-owned AMCs' in terms of total asset, equity, and profit contribution to their respective parent companies. Supported by China Cinda and its other nation-wide branches and subsidiaries, Cinda HK realised effective synergies by sharing core resources of Cinda Group. As at 31 December 2021, 2022 and 2023, Cinda HK had total assets of approximately HK$662,819 million, HK$660,525 million and HK$675,163 million, respectively. For the years ended 31 December 2021, 2022 and 2023, Cinda HK's total income was HK$14,686 million, HK$17,936 million and HK$28,940 million, respectively.

Cinda HK has strong support from China Cinda.

China Cinda was established as a wholly state-owned non-bank financial institution with the goal of effectively mitigating financial risk, maintaining financial stability and expediting the reform and development of state-owned banks and enterprises. It was the first AMC to acquire, manage and dispose non-performing loans of state-owned banks.

Based on the strong support from the PRC government, China Cinda has grown into a leading AMC that focuses on distressed asset management, financial investment and asset management and other financial services. China Cinda covers a wide range of financial services and owns a full array of financial licences through itself and its subsidiaries in the business segments of distressed asset management, life insurance, financial leasing, trust, securities, funds, investment and asset management. China Cinda is assigned a rating of "Baa1 with a negative outlook" by Moody's, a rating of "BBB+ with a stable outlook" by S&P and a rating of "A- with a negative outlook" by Fitch. As at 31 December 2023, China Cinda's total assets stood at RMB1,594,357.4 million and for the year ended 31 December 2023, China Cinda has achieved a total income of RMB76,167.8 million.[1]

Cinda HK benefits from the strong support from China Cinda in the following ways:

- ***China Cinda has effective control and management over Cinda HK.***

  China Cinda provides strategic support to Cinda HK since its establishment in terms of corporate governance, risk and internal control management, business and human resources as well as other businesses functions, and provides advice to Cinda HK on corporate governance matters and assists Cinda HK in establishing and improving the risk information management framework.

  (a) *Effective risk information reporting mechanism*: Cinda HK's risk management department reports regularly to China Cinda's risk management department with regards to information on regular market risk, customer credit risk, liquidity risk and operation risk.

1 Extracted from China Cinda's 2023 annual results announcement available at the website of The Stock Exchange of Hong Kong Limited.

(b) *Regular monitoring mechanism combined with periodic evaluation*: Cinda HK submits a risk self-assessment report to China Cinda risk management department on a quarterly basis. In addition to the primary risk information evaluation, the evaluation indicators also include the regulatory requirements of the industry, the status quo of the industry development and the overall development strategy of Cinda Group.

(c) *Field inspections, research, management conference mechanism*: The risk management committee and the chief risk officer in the board of directors of China Cinda conduct field investigation and inspection on Cinda HK's risk management from time to time. The director in charge of risk controls will convene management conferences to notify Cinda HK of the major risks that it may face and instruct Cinda HK on its specific risk management and control.

(d) *Supervision on compliance with the industrial requirements*: Cinda HK's business is subject to strict government and industry supervision as well as relevant regulatory requirements and assessment indicators. Cinda HK complies with these regulatory requirements and guideline, which is the cornerstone of Cinda HK's risk management.

(e) *Supervision on risk management on human resources*: The chief risk management officer of Cinda HK, who is directly appointed by China Cinda, reports to both the general manager (president) of Cinda HK and the director of risk management department of China Cinda.

(f) *Risk assessment criteria and risk management guidelines*: Cinda HK's risk assessment information is reviewed by China Cinda's risk management department and incorporated as evaluation criteria into Cinda HK's assessment system, which directly relates to final performance appraisal and remuneration of Cinda HK's management.

(g) *Supervision on investment decisions*: Cinda HK has formulated and promulgated standardised procedures in making investment decisions, which include project proposal application, project proposal approval, due diligence, risk assessment, valuation, major projects pre-communication, acquisition program formulation and project approval. For more information on its investment risk management, please see "*Description of the Guarantor – Internal Control and Risk Management – Investment Risk Management.*"

- ***China Cinda provides strong liquidity and financial support to Cinda HK.***

(a) *Capital injection from China Cinda*: China Cinda gave sufficient capital injection into Cinda HK. In particular, the capital injection from China Cinda helped Cinda HK to complete the acquisition of NCB.

(b) *Promising liquidity planning*: Cinda HK formulates and promulgates the promising liquidity planning in accordance with the guidance of Cinda Group. China Cinda will provide liquidity support when Cinda HK encounters any financial difficulties.

(c) *Sufficient credit facility quota from the commercial banks and other financial institutions*: Cinda HK has a prestigious reputation and keeps good relationship with the commercial banks and other financial institutions. Cinda HK is able to obtain the sufficient credit facility quota to support its business expansion and development. Moreover, Cinda Group, as a whole, has the one of the highest credit limits among the AMCs in the commercial banks and financial institutions, which helps Cinda HK obtain loans and credit facilities in the ordinary course of business.

- ***China Cinda has great synergies with NCB.***

  In May 2016, China Cinda, through Cinda Financial Holdings, a wholly owned subsidiary of Cinda HK, acquired NCB. Upon completion of the acquisition, NCB became a wholly-owned subsidiary of Cinda HK and the financial results of NCB have been consolidated into the Cinda Group's consolidated financial statements since 30 May 2016. The acquisition has generated considerable synergies for Cinda Group as a whole by developing NCB into an important platform for Cinda HK's integrated financial services. Cinda HK currently conducts banking business in Hong Kong and mainland China through NCB and NCB's wholly-owned subsidiary, Nanyang Commercial Bank (China) Limited ("**NCB China**").

- ***Cinda HK believes that the synergy with NCB can be shown in the following six aspects:***

  (a) *Customer resources synergy*: customers of China Cinda's distressed assets business and NCB's banking business complement each other and form a whole-cycle coverage. NCB can leverage on the brand recognition and clientele of China Cinda to achieve an upscale of its customer base, increase customers' loyalty and attract more high net worth customers.

  (b) *Product innovation synergy*: the integration of China Cinda's asset management business and NCB's banking business creates the synergy in the development of financial products with an integrated solution satisfying customers' needs.

  (c) *Business network synergy*: As at 31 December 2023, China Cinda had 33 branches in 30 provinces, autonomous regions and municipalities in the PRC and seven subsidiaries as platforms for providing distressed asset management and financial services in the PRC and Hong Kong[2], forming a nationwide business network in China. China Cinda will assist NCB in expanding its onshore and offshore business network.

  (d) *Business sector synergy*: the distressed asset management business of China Cinda is closely related to the businesses of commercial banks in terms of the financing needs of customers, investment and management of funds and collection of outstanding loans. With the support from China Cinda's wide range of licences for providing financial services and extraordinary product development capabilities, NCB can further develop its intermediary businesses through cross selling efforts with China Cinda and fully capturing the business potential in China Cinda's distressed asset management customers.

  (e) *Risk management synergy*: with strong support from China Cinda through sharing its experience in risk identification, risk mitigation and risk management, NCB is expected to enhance its distressed assets disposal mechanism and improve its own risk management capabilities.

  (f) *Regulatory/supervisory resources synergy*: NCB makes full use of the mass resources of China Cinda, actively seeks support from regulatory authorities, and accurately understands the regulatory changes.

Cinda HK is an indispensable offshore strategic platform.

In the foreseeable future, as Cinda Group's sole offshore strategic platform for cross-border distressed asset management synergy, core liquidity management and asset management, the unique role of Cinda HK will not be substituted by Cinda Group's other subsidiaries. The strategic significance of Cinda HK will be further consolidated.

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1 Extracted from China Cinda's 2023 annual results announcement available at the website of The Stock Exchange of Hong Kong Limited.

The Group believes that Cinda HK is a vital puzzle piece for China Cinda's integration into global capital markets, not only because Cinda HK is responsible for due diligence and transaction structuring for most offshore investments made by China Cinda but also because Cinda HK actively explores promising overseas investment opportunities and maintains stable business operation. Cinda HK plays an important role in the overall situation of economic transformation by identifying more opportunities in the foreign distressed assets management and keeps itself at an advantageous position even in the circumstance of the structural change in the PRC. In particular, Cinda HK plays a crucial role in supporting the "Belt and Road Initiative," China enterprises "Go Global", market integration plan of the Guangdong-Hong Kong-Macao Greater Bay Area and other national initiatives. Cinda HK generates synergies within Cinda Group by collaborating with China Cinda, branch offices, China Cinda's other subsidiaries and affiliates within the Group in cross-border investment, financing, M&A activities and other investment opportunities, serving as a bridge between the domestic and overseas businesses of Cinda Group. The coordination of the Group's onshore and offshore funding plans through offshore capital further facilitates the Group's onshore growth and strategy execution.

Cinda HK is the key platform of China Cinda to engage in offshore asset management business, conduct liquidity management and provide cross-border distressed asset management services. As an overseas investment platform of a prestigious state-owned financial institution, Cinda HK benefits from China Cinda's broad customer base, strong credit support and rich industry experience in the financial industry. The corporate synergy of Cinda Group equips Cinda HK with advantages in project screening and business negotiation comparing with financial institutions without strong shareholder support. Cinda HK primarily competes with investment companies with similar shareholding background and international asset management companies in product and service offerings, service quality, financial strength, and brand recognition. In such a competitive market, Cinda HK intends to stabilise its overseas assets, optimising its business structure and implementing strategic initiatives to distinguish itself from its competitors. Cinda HK is dedicated to strengthening its position as an overseas of China Cinda through its equity interest and investment in CCAM, NCB and other financial enterprises with multiple licenses for financing businesses.

Cinda HK has continuously expanded its financing channels, secured long-term and stable sources of financing and actively explored the business model of a balanced investment portfolio.

Cinda HK has sought to optimise its investment portfolio so as to strike a better balance between risk and return. In terms of the investment asset-class breakdown, as at 31 December 2023, the equity investment and the fixed income investment held by Cinda HK accounts for 75 per cent. and 25 per cent. respectively of the investment assets in its non-banking segment. In terms of geographical investment breakdown, as at 31 December 2023, the investments in Hong Kong, mainland China and other areas account for 35 per cent., 39 per cent. and 26 per cent., respectively of the total investments in its non-banking segment.

Cinda HK has a robust and comprehensive risk management system and has continuously strengthened its risk management culture.

With reference to China Cinda's risk management policies, Cinda HK has established internal regulations to provide risk management guidelines for its operations and staff. These include the "Measures for Overall Risk Management" (全面風險管理辦法), the "Measures for Credit Risk Management" (信用風險管理辦法), the "Measures for Market Risk Management" (市場風險管理辦法), the "Measures for Liquidity Risk Management" (流動性風險管理辦法) and the "Measures for Operational Risk Management" (操作風險管理辦法). Cinda HK has accumulated valuable experience as well as capabilities to identify, measure and control various types of risks. Through effective risk management processes and effective risk-protection measures, Cinda HK effectively identifies and mitigates risks.

- ***Market risk control and management***: Cinda HK has comprehensive market risk control and management mechanism and timely report mechanism for stock price and exchange rate fluctuation. With the comprehensive market risk management mechanism, Cinda HK will make sure the market risk exposure is contained at an acceptable and reasonable scale. Cinda HK has established a rigid market risk control and management system, including limit control on quota, access, stop-loss, profit locking and concentration.

- ***Credit risk control and management***: Cinda HK timely supervises the operation situation of its customers and leverages on the risk assessment and mitigation tools to control the credit risks. Furthermore, Cinda HK classifies its fixed-income investments into five different levels and risks hidden in its projects will be effectively assessed and monitored.

- ***Operation risk control and management***: Cinda HK continuously strengthens its internal control system and operation risk management system. It delivers the training to its employees in relation to the compliance and legal awareness, monitors Cinda HK's operation to prevent any significant regulatory incompliance and material operation incidents from occurring. As at the date of this Offering Circular, there was no significant event in relation to operational risks in Cinda HK.

- ***Liquidity risk control and management***: Cinda HK implements effective liquidity risk management mechanism by monitoring the maturity profile of its liabilities and ensuring the timely repayment and full recovery of its funds investment. Cinda HK implements liquidity risk control with the focus on strengthening budget management, expanding financial channels and improving the effectiveness of its capital operation.

Cinda HK has an entrepreneurial and visionary management team.

The Guarantor's senior management are experienced and entrepreneurial, with strategic vision and excellent leadership. The Guarantor's senior management successfully led the Guarantor in completing the transformation from a pure-play distressed asset disposal company to a professional asset manager and comprehensive financial services provider. The Guarantor's senior management have, on average, more than 20 years of management experience related to the financial industry. In particular, the Guarantor's senior management have taken important positions in PBOC, state-owned commercial banks and AMCs. The Guarantor's senior management have an in-depth and unique understanding of the macroeconomic environment and financial system of China. The Guarantor's senior management have also served in Cinda Group for more than 20 years and has in-depth understanding of the operation and management of the Guarantor.

STRATEGIES

Cinda HK focuses on distressed assets related investment business under the principle of "Returning to the Fundamentals of AMC's Business (回歸主業)" which lays a solid foundation for Cinda HK's other business. Cinda HK is also dedicated to further leverage its expertise to solidify its function as the "Three Platforms", the cross-border distressed asset management synergy platform, core liquidity management platform of China Cinda and overseas asset management platform of Cinda Group.

Expand and strengthen business development with a focus on distressed asset management

Cinda HK continuously strengthens and remains its focus on distressed assets related investment business by increasing both the scale and weight of its distressed asset portfolio. While maintaining its differentiated and distinct focus on the distressed assets related investments, Cinda HK aims to selectively expand its business footprint to national strategic emerging industries and further optimise the business structure. Simultaneously, Cinda HK, through sound liquidity management investment in the secondary market, will continue to satisfy the liquidity needs of itself.

Cinda HK will actively adjust the structure of its balance sheet while expanding the overall balance sheet steadily, strengthen its distressed assets related business, and maintain profitability to facilitate Cinda HK's stable and sustainable development. By improving its own investment capabilities and leveraging its extensive experiences and expertise in this industry, Cinda HK will attract more third-party capital and create a new development mode with high-quality assets and investment management capabilities. Cinda HK aims to reduce the investment return volatility, strives to improve the liquidity position and allocates more resources to distressed asset management related business. Cinda HK will focus more on the main business operation while diversifying the strategic layout and exploring its full spectrum of business.

Highlight the function of the "Three Platforms"

The "Three Platforms" strategy is an essential part of Cinda HK's overall business strategy. As an indispensable offshore strategic platform of Cinda Group, the unique role of Cinda HK will not be substituted by Cinda Group's other subsidiaries. Leveraging its function as the "Three Platforms", Cinda HK will emphasise on the integrated management of overseas liquidity and cross-border distressed asset related businesses. Cinda HK aims to implement a customer-focused strategy to satisfy the increasing demands from its customers for cross-border financing services and further improve its customer services capabilities, thereby optimising its revenue composition and enhancing its brand recognition overseas. Cinda HK will continue to drive high-quality growth through business innovation and client-focus services, cross-border business development and synergies between its domestic and overseas businesses.

BUSINESS OF CINDA HK

Cinda HK provides the clients with comprehensive financial products and services through the integrated financial services platform and differentiated asset management platform. Cinda HK's main business segments include banking business and non-banking business. For the years ended 31 December 2021, 2022 and 2023, Cinda HK's revenue was approximately HK$14,686 million, HK$17,936 million and HK$28,940 million, respectively. The following table sets forth a breakdown of Cinda HK's revenue for the periods indicated:

	Year ended 31 December					
	2021		2022		2023	
	(HK$ million)	%	(HK$ million)	%	(HK$ million)	%
Revenue						
Banking business	14,078.17	95.9	17,088.36	95.3	24,357.05	84.2
Non-banking business	608.15	4.1	847.70	4.7	4,583.29	15.8
Total revenue	14,686.32	100.00	17,936.06	100.00	28,940.34	100.00

Banking Business

Cinda HK conducts banking business in Hong Kong and mainland China through NCB and its subsidiaries (including NCB China), including 38 branches/sub-branches in the PRC and 35 branches in Hong Kong as at 31 January 2024. NCB, as a leading commercial bank in Hong Kong with extensive branch network and excellent financial performance, is the only offshore bank controlled by the state-owned AMCs and the only banking subsidiary that has a nationwide branch network in China controlled by the state-owned AMCs. Through NCB, Cinda HK offers a comprehensive range of personal and commercial banking services to retail and corporate customers.

Supported by China Cinda and leveraging its multiple financial licenses covering a full suite of regulated financial activities, Cinda HK provides flexible, customised and diversified financing products for the clients through the financial services platform comprised of NCB and financial leasing companies. Cinda HK has established a comprehensive financial service ecosystem capable of meeting the needs of the clients throughout the business lifecycle and the entire value chain. For more information on the banking business, please see "*Description of the Guarantor – Key Subsidiaries – NCB.*"

Non-banking Business

The non-banking business segment of Cinda HK is dedicated to further leverage its expertise to solidify its functions of "Three Platforms", namely cross-border distressed asset management synergy platform, core liquidity management platform of China Cinda and overseas asset management platform of Cinda Group, through its investment business and financing business. Cinda HK's investment business can be categorised as distressed assets related investment business, liquidity management investment and other investment.

The investment business serves as an important platform for providing clients with a comprehensive array of diversified asset management, investment, and financing services, which enhances the overall profitability of the distressed asset management business and improves the business and income structures of Cinda HK. The financing business of Cinda HK primarily focuses on supporting financing needs of overseas projects of China Cinda by raising funds in offshore capital markets.

Investment Business

Cinda HK and its subsidiaries serve as Cinda Group's overseas business platform. It collaborates with China Cinda, Cinda Group's domestic branches and other subsidiaries and primarily invests in distressed assets related targets, secondary market for liquidity management and other areas. Cinda HK primarily invests in Hong Kong and mainland China.

In terms of the investment asset-class breakdown, as at 31 December 2023, the equity investment and the fixed income investment held by Cinda HK accounts for 75 per cent. and 25 per cent. respectively of the investment assets in its non-banking segment. In terms of geographical investment breakdown, as at 31 December 2023, the investments in Hong Kong, mainland China and other areas account for 35 per cent., 39 per cent. and 26 per cent., respectively of the total investments in its non-banking segment.

For the investments business, Cinda HK has adopted a stringent risk management system to keep its investment risks within a reasonable level. Cinda HK closely monitors its investment periods to minimise the portfolio maturity mismatch and maintain a good liquidity position. Based on market conditions, Cinda HK actively adjusts its investment strategies and assets allocation between defensive and conservative approaches to maximise the risk-adjusted return.

Distressed Assets Related Investment Business

Distressed assets related investment business is the core of Cinda HK's investment business and an important source of its income. Cinda HK 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. Leveraging the outstanding professional techniques, extensive experience in capital operation and large client base accumulated over the years, Cinda HK can achieve the appreciation of distressed assets.

Cinda HK 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. Under the principle of "Returning to the Fundamentals of AMC's Business (回歸主業)", Cinda HK actively pursues thematic distressed asset related investment opportunities.

Cinda HK, as a bridge connecting the domestic overseas distressed assets markets, provides Cinda Group with the approach of cross-border solutions and the opportunities in terms of introducing the overseas distressed assets projects and cooperative partners.

Cinda HK's asset management business refers to the business in which Cinda HK's subsidiaries act as managers in the business model of adopting special purpose vehicles, such as private funds (mainly in the form of limited partnerships and limited liability companies), and raising external funds for co-investment, in order to earn management fees income and carried interest.

Liquidity Management Investments

To satisfy its liquidity needs, Cinda HK adopts a prudent investment approach to explore the liquid investment portfolios in Hong Kong's capital market and mainly invests in secondary market equities or fixed income products with high liquidity.

Other Investments

Cinda HK invests in the selected industries in domestic and overseas markets, such as "New Economy" related industries and real estate, through various types of instruments for financial consideration. Cinda HK has been rationalising the size of other investments as it shifts its focus back to its core business of distressed asset management.

Cinda HK's principal investments in funds are primarily made as seed capital in funds managed by Cinda Group, to enact third-party funds and to support the development of Cinda HK's asset management business. Cinda HK is responsible for the management of these funds. As a result, Cinda HK's own capital investments in these funds may enhance the alignment of interests between the fund manager and the investors. Furthermore, the confidence of investors involved in such funds under Cinda HK's management may also be increased through the joint investment. These will in turn attract third-party investors to make further investments. Cinda HK invests in debt securities directly or through investment funds and it invests in wealth management products from banks and securities companies, as well as trust products.

Cinda HK invests in the field of loans, bonds, mezzanine capital, IPO, additional equity issuance and allotment and private equity in order to provide financial support to high-quality entrepreneurships in each development phase. Cinda HK engages in equity investments related to distressed assets, although with different focuses. Relying on listed companies and capital market, Cinda HK mainly engages in the restructuring or liquidation projects of distressed assets or distressed entities that involve cross-border transaction, and the investment and financing projects involving cross-border industrial restructuring and M&A coordinated with Cinda Group. Cinda HK took part in strategic investment and pre-IPO investment in large state-owned company projects. For more information on its investment management business, please see "*Description of the Guarantor – Key Subsidiaries – CCAM.*"

Financing Business

Cinda HK, as Cinda Group's sole offshore strategic platform, undertakes the mission of connecting China Cinda to offshore capital markets. The financing needs of China Cinda's overseas projects can be satisfied through capital raising by Cinda HK in offshore capital markets. By leveraging its extensive experience in offshore capital markets, Cinda HK continues to assist China Cinda to meet its foreign currency allocation needs through overseas bonds issuance and syndicated loans.

Cinda HK, as Cinda Group's key overseas bonds issuance platform, issues midterm/long-term debts, high quality assets and structured fixed income products to further stabilize and optimise the company's capital structure.

Key Subsidiaries

NCB

NCB commenced its business in 1949, and it is one of the oldest local banks in Hong Kong, with highly recognised brand awareness, extensive branch network, stable and loyal customer base, expertise in providing cross-border services and robust financial conditions. As at 31 December 2023, NCB's total consolidated assets, advances and other accounts and deposits from customers were HK$555,148.60 million, HK$293,904.74 million and HK$394,389.86 million, respectively.

As at 31 January 2024, NCB offered a broad range of banking and related financial services in Hong Kong through a network of 35 branches strategically located to provide coverage for the core districts on Hong Kong Island, Kowloon and the New Territories. The Group's market-leading position in Renminbi and cross-border banking services is evidenced by the continued recognitions and awards received from various organisations. NCB also has extensive experience in operating cross-border banking business. NCB started to provide China-related banking services since 1979 through its China Investment Consultation Department and was one of the first foreign movers in the PRC banking industry when it established its Shenzhen branch in the Shenzhen Special Economic Zone in 1982. NCB was the first foreign bank operating in China since the establishment of the PRC, it granted the first foreign bank loan in China since China's adoption of reform and opening-up policy, and it was also among the first banks which provided "offshore guarantee for onshore loan" products and was one of the first three foreign banks approved by the China Banking Regulatory Commission ("**CBRC**") to issue credit cards in China.

In terms of NCB's operations in mainland China, NCB had, in total, 38 branches/sub-branches in the PRC as at 31 January 2024. NCB's PRC businesses are operated through NCB China, which is a PRC-incorporated bank with its headquarters in Shanghai. NCB China's business network covers the Pearl River Delta, the Yangtze River Delta Economic Zone and the Bohai Economic Rim, with branches/sub-branches in major cities in the PRC such as Shanghai, Beijing, Dalian, Qingdao, Wuxi, Hefei, Suzhou, Hangzhou, Chengdu, Shenzhen, Guangzhou, Haikou and Chongqing.

In 2007, NCB established NCB China as a PRC-incorporated bank. NCB's branches and their businesses in the PRC were consolidated under NCB China for further expansion of NCB's PRC presence. NCB China provides comprehensive RMB and foreign currency banking services to its customers. Services include deposit-taking, loans and advances, debit cards, credit cards, wealth management services, personal banking, investment services, agency services for life and general insurance, remittance, and settlement, RMB cross-border trade settlement services and domestic and international trade finance facilities. As at 28 February 2023, NCB China has obtained the relevant licences for operating in the PRC its cross-border Renminbi business, foreign exchange settlement business, credit card business, derivatives business, insurance business, offshore wealth management business, investment fund business, interbank lending business, gold trading business and currency swap business.

NCB became a wholly-owned subsidiary of Cinda HK and China Cinda in 2016, which allowed Cinda HK and China Cinda to achieve additional financial and operational stability through its integration with a well-established commercial bank in Hong Kong, strengthen its leading advantage of the distressed asset management business and create an integrated asset management and financial services brand name. It was also an important step in NCB's development and holds huge significance for the future development of NCB as a core banking platform within Cinda Group.

As at 31 December 2021, 2022 and 2023, NCB's total capital adequacy ratio was approximately 18.46 per cent., 17.45 per cent., and 18.56 per cent., respectively, compared with the statutory minimum requirement of total capital adequacy ratio of 8.0 per cent., plus additional capital conservation buffer and countercyclical capital buffer requirements that apply from time to time. For the years ended 31 December 2021 and 2022 and 2023, the average value of NCB's quarterly liquidity coverage ratio was 153.44 per cent., 139.36 per cent., and 165.02 per cent., respectively.

For the years ended 31 December 2021, 2022 and 2023, NCB's profit after tax was HK$3,231.09 million, HK$3,908.31 million and HK$3,442.45 million, respectively. For the years ended 31 December 2021, 2022 and 2023, NCB achieved a return on average assets of approximately 0.62 per cent. and 0.73 per cent., and 0.63 per cent., respectively, and a return on average equity of approximately 4.99 per cent., 6.15 per cent., and 5.14 per cent., respectively.

NCB's core business services can be divided into four major segments, i) personal banking, ii) corporate banking, iii) treasury and iv) investment, including wealth management services, trade finance, deposit taking, foreign currency savings, remittances, investment services, home mortgage loans, personal loans, credit cards, safe deposit boxes, personal Renminbi services, internet banking services and insurance broker services.

Both personal banking and corporate banking provide general banking services. Personal Banking serves individual customers while corporate banking deals with non-individual customers. The treasury segment is responsible for managing the capital, liquidity, and the interest rate and foreign exchange positions of NCB in addition to proprietary trades. It provides funds to other business segments and receives funds from deposit taking activities of personal banking and corporate banking. These inter-segment funding is charged according to the internal funds transfer pricing mechanism of NCB. The assets and liabilities of treasury have not been adjusted to reflect the effect of inter-segment borrowing and lending (i.e., the profit and loss information in relation to Treasury is not comparable to the assets and liabilities information about treasury). Investment includes bank premises and equipment used by supporting units. Charges are paid to this segment from other business segments based on market rates per square foot for their occupation of the NCB's premises. The exchange difference arising from capital of its subsidiary, NCB China, which is recognised in its income statement, is also included in this class.

Personal Banking

For the year ended 31 December 2023, personal banking segment of NCB recorded HK$2,455.05 million in net operating income before impairment allowance, increase by 39.66 per cent. as compared with HK$1,757.82 million for the year ended 31 December 2022. During the year, NCB adhered to the customer centric approach and actively served local citizens and cross-border customers. At the same time, NCB continued to enrich its wealth management products, established new insurance agency partnerships, and introduced high-end insurance brokerage and referral trust services. It also launched a variety of funds, insurance and bond products to provide customers with more diversified financial management choices and to facilitate the transformation from a product sales-oriented business to a financial services-oriented business. NCB continued to improve its online and offline service channels to enhance customer experience. Also, NCB provided against the future and set up cross-border service centres in Hong Kong Island, Kowloon and New Territories. In addition, a new branch was opened in Kai Tak, first bank in the region, to serve the customers in this community. A new mobile application was launched to facilitate cross-border business development with financial technology.

NCB has been actively putting efforts into the local market, highlighting the brand characteristics of NCB, and creating rich options of "financial + non-financial" portfolio which covers various fields to better meet customer needs. NCB has also launched marketing activities such as the welcome offer, NCB Step Up with You, to attract quality wealth management customers. In the face of the fifth wave of the pandemic in 2022, NCB was committed to ensure uninterrupted services at its banking network and actively fulfilling its social responsibility. To reduce the pandemic impact on citizens during the period, NCB distributed anti-pandemic supplies to the public at branches and donated pulse oximeters to district elderly community centres in Hong Kong.

Corporate Banking

NCB's corporate banking services continue to grow with optimised loan portfolio. As at 31 December 2023, corporate loans and advances amounted to HK$247,439.50 million, increased by 4.11 per cent. as compared to the corresponding figure as at 31 December 2022. Net interest income in Corporate Banking was HK$3,326.68 million, and net operating income before impairment allowances in corporate banking amounted to HK$4,625.87 million, increased by 7.77 per cent. as compared to the corresponding figure as at 31 December 2022.

In addition to the general banking services offered by NCB to both its personal banking customers and corporate banking customers, including deposit service, investment service, remittance service, insurance service and internet and mobile banking service, NCB usually provides additional services including commercial lending, SME financing guarantee scheme (SFGS), NCB small business loan, trade finance and business integrated account services to corporate banking customers.

In 2023, NCB made every effort to expand its target customer groups and optimise its customer structure, and in turn, achieved a steady increase in the percentage of loan balances from target customer groups during the year. With active effort to seize market opportunities such as refinancing of overseas US dollar debts and fluctuations in RMB exchange rate, and to leverage advantages in cross-border network and flexible mechanism through business synergy with Cinda Group and the integrated linkage with NCB China, NCB built up a distinctive product system containing cross-border settlement, supply chain financing, domestic guarantees for foreign loans, cross-border direct loans and RMB settlement, and provided customers with customised comprehensive solutions to solve their common pain points in cross-border business, steadily transforming towards the financial steward service model. In 2023, in response to the corporate customers' transformation to a sustainable development model, NCB successfully acted as the sole lead bank and bookrunner for large enterprises, organised green syndicated loans certified by Hong Kong Quality Assurance Agency (HKQAA), and acted as a green financial advisor for customers, the loans of which were actively participated by the industry peers. NCB's ranking of appointed lead arrangers in Hong Kong and Macao in 2023 was significantly higher than that in 2022.

Treasury

NCB's treasury business is responsible for managing the capital, liquidity, and the interest rate and foreign exchange positions of NCB in addition to proprietary trades. It provides funds to other business segments and receives funds from deposit taking activities of NCB's personal banking and corporate banking businesses. These inter-segment funding is charged according to the internal funds transfer pricing mechanism of NCB.

For the years ended 31 December 2021, 2022 and 2023, the treasury business recorded HK$1,893.99 million, HK$2,732.63 million and HK$3,436.30 million, respectively, of net operating income before impairment allowance. NCB comprehensively deepened its "RMB First" strategy and actively strengthened its role as a financial steward by marketing to customers with product dimension and exploring the needs of each customer, providing customers with comprehensive solutions for cross-border investment and financing, exchange rate, interest rate management, etc. to cope with market fluctuations. NCB established an efficient and collaborative working mechanism between product managers and relationship managers to lay a solid foundation for the smooth development of the agency business. During the year, in response to the volatile RMB market, NCB launched cross-border interest rate and exchange rate products, such as Stable Interest (息得穩), Gou Hui Bao (購匯寶), and Flexi Yield RMB Time Deposit (扭計息人民幣靈活存款), providing customers with more extensive and distinctive products. NCB also actively expanded online and offline multi-channel publicity, built the brand image as an NCB RMB expert, enriched the contents in the official website, WeChat official account and other channels, and added new channels such as financial news column, online live broadcast and WeChat video account to provide customers with more extensive and real-time information on RMB market and NCB's views on RMB. At the same time, NCB seized the opportunities of cross-border joint business and achieved synergy, continuously enhancing NCB's capability in cross-border RMB business.

In the face of the complex and ever-changing market environment and the fierce competition in the industry, NCB will continue to develop the width and depth of its strategic transformation, continue to deepen the synergies, and strive to enhance its differentiated competitiveness, consolidating the unique advantages of cross-border and "investment bank + commercial bank". At the same time, NCB will make every effort to build new IT system, optimise its own operational capabilities, and continue to strengthen risk management to maintain the steady development of the businesses.

CCAM

CCAM is Cinda HK's principal investment platform. CCAM and its subsidiaries provide financial support to mainland China, Hong Kong and overseas companies primarily through equity investments, debt investments and mezzanine financing. Over the years, Cinda HK, through CCAM, has successfully participated in various investment opportunities over the world, with a future focus on "Belt and Road Initiative" countries.

CCAM invests in debt securities by means of providing loans to enterprises and/or subscribing debt securities in public offerings and private placements. It generates profits from interest rate spreads and increased value of collaterals and pledged shares received in repayment of debt.

CCAM also engages in equity investment and generates income from dividend payments and disposal of its equity holdings. It primarily invests in high yield dividend stocks and undervalued stocks to ensure high profitability. CCAM focuses on companies with the following characteristics: (i) companies with favourable industry outlook; (ii) companies at growing or maturity stage that generate steady income; (iii) companies with clear ownership structures, good corporate governance and quality management teams; (iv) projects satisfying a target IRR, except for those that may provide it with additional investment opportunities or opportunities to provide financial services or those that satisfy Cinda Group's asset allocation needs; and (v) investments with clear and favourable exit options.

Leveraging Cinda Group's extensive experience in distressed asset management, CCAM also engages in counter-cyclical investments. The integration and synergistic collaboration of distressed asset management business and investment management business are well demonstrated by CCAM's real estate financing business. In a typical distressed asset management business, the acquirer of distressed assets receives collaterals, and in this case, real estates in satisfaction of the debt. CCAM invests in real properties with defects. To enhance the value of defected real estate collaterals, it adopts various investment and financing solutions such as follow-on investments and property development so as to maximise the disposal value of such properties. Furthermore, CCAM invests in well-managed real estate projects in the form of equity investment, mortgage financing and mezzanine financing.

In addition to traditional sectors such as real estate, CCAM has increasingly focused on investments in the following industries: (i) Internet Plus, (ii) new energy and (iii) high-end manufacturing and consumption, such as pharmaceutical companies and medical products.

SYNERGY

Achieving cross-border synergy across business platforms is one of the strategic priorities of Cinda HK and has become an integral part of the culture embodied in Cinda Group's "One Cinda" principle. Cinda HK has continued to optimise its diversified business platforms and has sought to continuously enhance its enterprise value through synergistic collaborations with China Cinda and its other subsidiaries. Leveraging Cinda Group's advantages over asset management and multi-licensed platform, Cinda HK has developed extensive and diversified project lines which enable Cinda HK to provide customers with a wider range of onshore and offshore services than those from traditional financial institutions. Cinda HK synchronises the strategic positioning of China Cinda and its subsidiaries with Cinda Group's overall strategy, and it has built the success of onshore and offshore business collaboration into its evaluation mechanisms.

Cinda Group's centralised brand management contributes to the establishment of Cinda HK's position as a professional financial service provider and offers strong brand support for the development of the existing and future business.

COMPETITION

Cinda HK primarily operates in Hong Kong and the PRC where the financial services market is highly competitive. Cinda HK mainly competes with non-banking financial institutions and alternative investment companies in the relevant markets. Cinda HK 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 Cinda HK's overall business – Cinda HK faces intense competition and its businesses could be materially and adversely affected if it is unable to compete effectively.*"

EMPLOYEES

As at 31 December 2023, Cinda HK had 123 employees, of which 40 employees held a bachelor's degree, 75 employees held a master's degree and one employee held a doctorate degree or above. Cinda HK is committed to recruiting, training and retaining skilled and experienced employees. Cinda HK intends to achieve this by offering competitive remuneration packages as well as by focusing on the training and career development of its employees.

INTERNAL CONTROL AND RISK MANAGEMENT

Cinda HK is committed to establishing a comprehensive internal risk management system that is integral to its business operations. Regarding risk management, Cinda HK has established and further strengthened a robust corporate governance structure and internal control policies since the acquisition of NCB. Cinda HK has built a prudent and comprehensive risk management system covering all business segments of Cinda HK. It also has put in place a series of standardised policies to meet the risk management needs and business development requirements of China Cinda which have allowed China Cinda to effectively monitor and control the risks. Since the implementation of the internal control and risk management regime, Cinda HK has achieved effective risk management, ensuring that Cinda HK's business and its operational activities comply with the applicable rules, regulations and standards in all material respects.

Investment Risk Management

As an integral part of its investment strategy, Cinda HK has put in place standardised procedures in making investment decisions, which encompass project proposal application, project proposal approval, due diligence, risk assessment, valuation, major projects pre-communication, acquisition program formulation and project approval. Upon the application of the proposed project, the project team will conduct comprehensive due diligence and valuation. When making the investment and business decision, the chief risk management officer is entitled to veto certain proposals made by the business decision committee of Cinda HK. As a part of its post-investment management, Cinda HK collects the post-investment data, analyses the risk factors and builds the information sharing system.

The supervision from China Cinda strengthens Cinda HK's mindset of prudent investment. In terms of the daily risk management, Cinda HK has established the risk management team which is directly governed by China Cinda's risk management department. The chief risk management officer, who is directly designated by China Cinda and obliged to report to both Cinda HK and China Cinda. With regards to the project decision risk management, the important projects should be approved by the relevant departments in China Cinda.

Risk Prevention

The operations complexity exposes Cinda HK to various risks, including market risks, credit risks, operational risks, liquidity risks and other risks. Cinda HK has established risk management and internal control systems and procedures to manage potential risks associated with the financial services and products it offers, and Cinda HK has been dedicated to continuously improving these systems and procedures.

As a cornerstone and a core focus of the management and business operation, Cinda HK has developed a comprehensive risk management system covering all business segments. The three guiding principles of Cinda HK's risk management are: (i) full participation: to establish a culture of risk management and corresponding mechanisms encouraging the participation of all employees, under which all staff, including management personnel shall participate in and be responsible for risk management in accordance with their respective duties; (ii) comprehensiveness: to establish a risk management system covering all business lines, internal organisations and the regions where Cinda HK conducts business, as well as the identification, analysis and management of all types of risks it faces; (iii) full coverage: to reinforce risk control throughout the different stages of business activities, including due diligence before the commencement of the transaction, initial project design, decision-making process, investment management and exit mechanism.

Cinda HK's risk management framework consists of three levels of supervision and three lines of organisational defence. The three levels are: (i) the risk management department and relevant functional departments of China Cinda; (ii) the board of directors and senior management of Cinda HK; and (iii) the risk management department of Cinda HK. The three lines of defence are: (i) the business operation departments of Cinda HK; (ii) the risk management department of Cinda HK, which is independent from business operation departments; and (iii) the officer in charge of internal audit of Cinda HK and the audit supervision of China Cinda.

Market risk management

Market risk is the risk that the fair value or future cash flows of Cinda HK's financial assets or financial liabilities would fluctuate because of changes in the economic environment. Cinda HK's activities expose it primarily to market risks of changes in interest rate, foreign currency and other prices.

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. Cinda HK is exposed to credit risks primarily associated with its loan receivables, receivables from immediate holding company and other related parties, debt and convertible debt securities and the total return swap contracts entered into by Cinda HK. Cinda HK manages credit risks by several methods, including:

- reviewing the recoverable amount of each individual debt on a regular basis;
- establishing reasonable investment portfolio and preventing client concentration; and
- obtaining financial information of counterparties to assess their credibility.

Liquidity risk management

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

- classifying the loans and setting up monitoring procedures to recover overdue loans;
- accelerating the capital turnover;
- unifying the liquidity management mechanism;
- strengthening budget management; and
- expanding financing channels.

Operational risk management

Operational risk refers to the risk of losses caused by imperfect or problematic internal procedures, staff and IT systems, and external events, including legal risks. Cinda HK continuously improved its information technology risks prevention mechanism, formulated information technology systems and carried out risk analysis to further improve the refinement level of technology risk control and the prevention and control level of network security risk. Cinda HK manages operational risks by several methods, including:

- establishing an internal regulatory system covering the entire business process;
- formulating regulatory procedures for supervising employees' performance;
- establishing clear accountability mechanisms for penalising the incompliance;
- providing compliance support for business operations and management activities;
- building up the information security and IT service management system;
- making data backup for information processing system; and
- formulating an internal reporting system for incompliance.

LEGAL AND REGULATORY PROCEEDINGS

The Guarantor may be involved in legal and/or regulatory proceedings or disputes in the ordinary course of business. Since 31 December 2023, the Guarantor was not aware of any legal or arbitration proceedings against or affecting it, any of its subsidiaries or any of their assets, or any pending or threatened proceedings, that, in the opinion of its management, would have a material adverse effect on its business, financial condition, results of operations or prospects.

REGULATION IN THE PRC AND HONG KONG

This section summarises the principal laws and regulations in the PRC and Hong Kong which are relevant to the business and operations of Cinda HK. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations which are relevant to the business and operations of Cinda HK.

PRC REGULATIONS

The PRC Legal System

The PRC legal system is based on the Constitution of the People's Republic of China (the "**PRC Constitution**") and is made up of written laws, regulations, directives and local laws and laws resulting from international treaties entered into by the PRC government. In general, court judgments do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

The National People's Congress of the PRC (the "**NPC**") and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution, enact and amend basic laws governing State agencies and civil, criminal and other matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC.

The State Council is the highest organ of the State administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC and the Standing Committee of the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul administrative rules, regulations, directives and orders. The People's Congresses or their standing committees of the comparatively larger cities may, in light of the specific local conditions and actual needs, formulate local regulations, provided that they do not contradict the PRC Constitution, the national laws, the administrative regulations and the local regulations of their respective provinces or autonomous regions, and they shall submit the regulations to the standing committees of the people's congresses of the provinces or autonomous regions for approval before implementation.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations and the people's governments may promulgate administrative rules and directives applicable to their own administrative areas. These local rules and regulations must be consistent with the PRC Constitution, the national laws and the administrative rules and regulations promulgated by the State Council.

The State Council, provincial and municipal governments may also enact or issue rules, regulations or directives in new areas of the law for experimental purposes or in order to enforce the law. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. The Supreme People's Court, in addition to its power to give general interpretation on the application of laws in judicial proceedings, also has the power to interpret specific cases. The State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional rules and regulations is vested in the regional legislative and administrative bodies which promulgated such laws.

The PRC Judicial System

Under the PRC Constitution and the Law of Organisation of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, and other special courts. The local courts are comprised of the basic courts, the intermediate courts and the higher courts. The basic courts are organised into civil, criminal, economic, administrative and other divisions. The intermediate courts are organised into divisions similar to those of the basic courts, and are further organised into other special divisions. The higher level courts supervise the judicial work of the basic and intermediate courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the administration of justice by all other courts.

The courts employ a two-tier appellate system. A party may appeal against a judgment or order of a local court to the court at the next higher level. Second judgments or orders given at the next higher level and the first judgments or orders given by the Supreme People's Court are final. If, however, the Supreme People's Court or a court at a higher level finds an error in a judgment which has been given by any court at a lower level, or the president of a court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried in accordance with the judicial supervision procedures.

The Civil Procedure Law of the PRC, which was adopted on 9 April 1991 and was recently amended on 1 September 2023 and effective from 1 January 2024, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the place of the object of the contract. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or order made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the competent court to request for enforcement of the judgment, order or award. The time limit imposed on the right to apply for such enforcement is two years. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, mandatorily enforce the judgment.

Regulation on the Issuance of Foreign Bonds

On 5 January 2023, the NDRC published the Administrative Measures for the Review and Registration of Medium and Long-Term Foreign Debt of Enterprises ("**NDRC New Measures**") which came into effect on 10 February 2023. 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 (國家企業信用信息公示系統).

HONG KONG REGULATORY ENVIRONMENT

Introduction

The SFO is the principal legislation regulating the securities and futures industry in Hong Kong and it is administered by the SFC which is the statutory regulatory body that governs the securities and futures markets and non-bank retail leveraged foreign exchange market in Hong Kong.

The banking sector in Hong Kong is regulated by and subject to the provisions of the Banking Ordinance and to the powers and functions ascribed by the Banking Ordinance to the HKMA. The Banking Ordinance provides that only authorised institutions (that is, banks which have been granted a banking licence ("**licence**") by the HKMA may carry on banking business (as defined in the Banking Ordinance) in Hong Kong and contains controls and restrictions on such banks ("**authorised institutions**").

Types of Regulated Activities

The SFO provides a single licensing regime under which a person needs only one licence to carry on the different types of regulated activities as specified in Schedule 5 of the SFO. There are ten types of regulated activities, namely:

Type 1: dealing in securities;

Type 2: dealing in futures contracts;

Type 3: leveraged foreign exchange trading;

Type 4: advising on securities;

Type 5: advising on futures contracts;

Type 6: advising on corporate finance;

Type 7: providing automated trading services;

Type 8: securities margin financing;

Type 9: asset management; and

Type 10: providing credit rating services

Supervision of Authorised institutions in Hong Kong

The provisions of the Banking Ordinance are implemented by the HKMA, the principal function of which is to promote the general stability and effectiveness of the banking system, especially in the area of supervising compliance with the provisions of the Banking Ordinance. The HKMA supervises authorised institutions through, inter alia, a regular information gathering process, the main features of which are as follows:

(1) each authorised institution must submit a monthly return to the HKMA setting out the assets and liabilities of its operations in Hong Kong and a further comprehensive quarterly return relating to its principal place of business in Hong Kong and all local branches, although the HKMA has the right to allow returns to be made at less frequent intervals;

(2) the HKMA may order an authorised institution, any of its subsidiaries, its holding company or any subsidiaries of its holding company to provide such further information (either specifically or periodically) as it may reasonably require for the exercise of its functions under the Banking Ordinance or as it may consider necessary to be submitted in the interests of the depositors or potential depositors of the authorised institution concerned. Such information shall be submitted within such period and in such manner as the HKMA may require. The HKMA may in certain circumstances also require such information or any return submitted to it to be accompanied by a certificate of the authorised institution's auditors (approved by the HKMA for the purpose of preparing the report) confirming compliance with Banking Ordinance and certain matters;

(3) authorised institutions may be required to provide information to the HKMA regarding companies in which they have an aggregate 20 per cent. or more direct or indirect shareholding or with which they have common directors or managers (as defined in the Banking Ordinance), the same controller, a common name or a concert party arrangement to promote the authorised institution's business;

(4) in addition, authorised institutions are obliged to report to the HKMA immediately of their likelihood of becoming unable to meet their obligations or of the commencement of material civil proceedings applicable only to authorised institutions incorporated in Hong Kong;

(5) the HKMA may direct an authorised institution to appoint an auditor to report to the HKMA on the state of affairs and/or profit and loss of the authorised institution or the adequacy of the systems of control of the authorised institution or other matters as the HKMA may reasonably require;

(6) the HKMA may, at any time, with or without prior notice, examine the books, accounts and transactions of any authorised institution, and in the case of an authorised institution incorporated in Hong Kong, any local branch, overseas branch, overseas representative office or subsidiary, whether local or overseas, of such institution; such inspections are carried out by the HKMA on a regular basis; and

(7) authorised institutions are required to give written notice to the HKMA immediately of any proposal to remove an auditor before the expiration of his term of office or replace an auditor at the expiration of his term of office.

Exercise of Powers over Authorised institution

The HKMA may, after consultation with the Financial Secretary, exercise certain powers over the conduct of authorised institutions in any of the following circumstances:

(1) when an authorised institution informs the HKMA that it is likely to become unable to meet its obligations, that it is insolvent, or that it is about to suspend payment;

(2) when an authorised institution becomes unable to meet its obligations or suspends payment;

(3) if after an examination or investigation, the HKMA is of the opinion that an authorised institution:

    (i) is carrying on its business in a manner detrimental to the interests of its depositors or potential depositors or of its creditors or of holders or potential holders of multi-purpose cards issued by it or the issue of which is facilitated by it;

    (ii) is insolvent or is likely to become unable to meet its obligations or is about to suspend payment;

    (iii) has contravened or failed to comply with any of the provisions of the Hong Kong Banking Ordinance; or

    (iv) has contravened or failed to comply with any condition attached to its licence or certain conditions in the Banking Ordinance; and

(4) where the Financial Secretary advises the HKMA that he considers it in the public interest to do so.

In any of the circumstances described above, the HKMA, after consultation with the Financial Secretary, may exercise any of the following powers:

(1) to require the authorised institution, by notice in writing served on it, forthwith to take any action or to do any act or thing whatsoever in relation to its business and property as the HKMA may consider necessary;

(2) to direct the authorised institution to seek advice on the management of its affairs, business and property from an adviser approved by the HKMA;

(3) to assume control of and carry on the business of the authorised institution, or direct some other person to assume control of and carry on the business of the authorised institution; or

(4) to report to the Chief Executive in Council in certain circumstances (in which case the Chief Executive in Council may exercise a number of powers including directing the Financial Secretary to present a petition to the Court of First Instance for the winding-up of the authorised institution).

Revocation and Suspension of Banking Licence

The HKMA also has powers to recommend the revocation or suspension of a licence. Both powers are exercisable after consultation with the Financial Secretary and with a right of appeal of the authorised institution concerned except in the event of temporary suspension in urgent cases. The grounds for suspension or revocation include the following:

(1) the authorised institution no longer fulfils the criteria for authorisation and the requirements for registration;

(2) the authorised institution is likely to be unable to meet its obligations or to suspend payment or proposes to make, or has made, any arrangement with its creditors or is insolvent;

(3) the authorised institution has failed to provide material information required under the Hong Kong Banking Ordinance or has provided false information;

(4) the authorised institution has breached a condition attached to its licence;

(5) a person has become or continues to be a controller or chief executive or director of the authorised institution after the HKMA has made an objection;

(6) the interests of the depositors require that the licence be revoked; or

(7) the authorised institution is engaging in practices likely to prejudice Hong Kong as an international financial centre or in practices (specified in the HKMA guidelines) which should not be engaged in.

Revocation or suspension of a licence means that the authorised institution can no longer conduct banking business (for the specified period in the case of a suspension).

Anti-money Laundering and Counter-terrorist Financing

Licensed corporations are required to comply with the applicable anti-money laundering and counter-terrorist financing laws and regulation in Hong Kong as well as the Guideline.

The Guideline provides practical guidance to assist licensed corporations and their senior management in designing and implementing their own anti-money laundering and counter-terrorist financing policies, procedures and controls in order to meet the relevant legal and regulatory requirements in Hong Kong. Under the Guideline, licensed corporations should, among other things:

- assess the risks of any new products and services before they are introduced and ensure that appropriate additional measures and controls are implemented to mitigate and manage the associated money laundering and terrorist financing risks;

- identify the client and verify the client's identity using reliable, independent source documents, data or information, and take steps from time to time to ensure that the client information is up-to-date and relevant;

- conduct on-going monitoring of activities of the clients to ensure that they are consistent with the nature of business, the risk profile and source of funds, as well as identify transactions that are complex, large or unusual, or patterns of transactions that have no apparent economic or lawful purpose;

- maintain a database of names and particulars of terrorist suspects and designated parties which consolidates the various lists that have been made known to it, as well as comprehensive on-going screening of the client database; and

- conduct on-going monitoring for identification of suspicious transactions and ensure compliance with their legal obligations of reporting funds or property known or suspected to be proceeds of crime or terrorist property to the Joint Financial Intelligence Unit, a unit jointly run by the Hong Kong Police Force and the Hong Kong Customs & Excise Department to monitor and investigate suspected money laundering.

Financial Institutions Resolution Regime

On 7 July 2017, the Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong (the "**FIRO**") came into operation. The FIRO provides for, among other things, the establishment of a resolution regime for authorised institutions and other financial institutions in Hong Kong. The resolution regime seeks to provide the relevant resolution authorities with administrative powers to bring about timely and orderly resolution in order to stabilise and secure continuity for a failing authorised institution in Hong Kong. In particular, and subject to certain safeguards, the relevant resolution authority is provided with powers to affect contractual and property rights as well as payments (including in respect of any priority of payment) that creditors would receive in resolution. These may include, but are not limited to, powers to write off or convert all or a part of the principal amount of, or distributions on, regulatory capital securities of relevant financial institutions in Hong Kong. Certain details relating to FIRO will be set out through secondary legislation and supporting rules.

OECD's Common Reporting Standard

The Organisation for Economic Co-operation and Development (the "**OECD**") has developed a draft common reporting standard ("**CRS**") and model competent authority agreement to enable the multilateral, automatic exchange of financial account information. The CRS does not include a potential withholding element. Under the CRS financial institutions will be required to identify and report the tax residence status of customers in 101 countries that have endorsed the plans, of which 54 (including EU Member States) have committed to implement the CRS with first information exchanges expected in 2017. The remaining 47 countries have committed to implement the CRS on a slower timetable with first information exchanges for these countries expected in 2018.

The adoption of CRS in the PRC and Hong Kong will be effective from 1 January 2017. The PRC and Hong Kong financial institutions may begin collecting tax residency information from their account holders as early as 1 January 2017 and may report information on reportable account holders in 2018. The increased due diligence of customer information and the reporting of information to the tax authorities will increase operational and compliance costs for banks, including the Group. At this time, it is not possible to quantify the full costs of complying with the new legislation as some aspects are still to be determined.

TERMS AND CONDITIONS OF THE NOTES

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

This Note is issued by China Cinda (2020) I Management Limited (the "**Issuer**") pursuant to the Trust Deed (as defined below). The due payment of all sums expressed to be payable by the Issuer under the Notes and the Trust Deed is guaranteed by China Cinda (HK) Holdings Company Limited (the "**Guarantor**") as specified hereon.

The Notes are constituted by a trust deed dated 7 January 2021 (as amended and supplemented by the first supplemental trust deed dated 21 January 2022 and the second supplemental trust deed dated 28 July 2023, and as further amended, restated and/or supplemented from time to time, the "**Trust Deed**") between the Issuer, the Guarantor and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the "**Trustee**", which expression shall, where the context so permits, include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An agency agreement dated 7 January 2021 (as amended and supplemented by the first supplemental agency agreement dated 21 January 2022 and the second supplemental agency agreement dated 28 July 2023, and as further amended, restated and/or supplemented from time to time, the "**Agency Agreement**") has been entered into in relation to the Notes between the Issuer, the Guarantor, the Trustee, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as initial issuing and paying agent, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as CMU lodging and paying agent for Notes to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the "**CMU**") and the other agents named in it. The issuing and paying agent, the CMU lodging and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**" (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 the Issuing and Paying Agent and the CMU Lodging and Paying Agent and any additional or successor thereof), the "**Registrar**" (which expression shall include any additional or successor registrar), the "**Transfer Agents**" (which expression shall include the Transfer Agent and any additional or successor thereof) and the "**Calculation Agent(s)**" (which expression shall include any additional or successor calculation agent) (such Issuing and Paying Agent, CMU Lodging and Paying Agent, Paying Agents, Registrars, Transfer Agents and Calculation Agent(s) being together referred to as the "**Agents**"). For the purposes of these Conditions, all references to the Issuing and Paying Agent shall, with respect to a Series of Notes to be held in the CMU, be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly.

Copies of the Trust Deed and the Agency Agreement are available for inspection upon prior written request and satisfactory proof of holding to the satisfaction to the Trustee by Noteholders at all reasonable times during usual business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the principal office of the Trustee (presently at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong) and at the specified office of the Issuing and Paying Agent. All capitalised terms that are not defined in these Conditions have the same meanings given to them in the relevant Pricing Supplement.

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 "**Coupon holders**") 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 are entitled to the benefit of, are bound by, and (i) are deemed to have notice of, all the provisions of the Trust Deed, and (ii) are deemed to have notice of those provisions applicable to them of the Agency Agreement. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and 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 (i) expressed to be consolidated and form a single series with such Tranche of Notes and (ii) identical in all respects (including as to listing and admission to trading) except for their respective date of issue (the "**Issue Date**"), Interest Commencement Dates and/or issue prices.

1 FORM, DENOMINATION AND TITLE

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

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

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

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), 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.

*For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream**") and/or a sub-custodian for the CMU, each person (other than Euroclear or Clearstream or the CMU) who is for the time being shown in the records of Euroclear or Clearstream or the CMU as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream or the CMU as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Paying Agents, the Registrar (in the case of Registered Notes) and the Trustee as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Guarantor, any Paying Agent, the Registrar (in the case of Registered Notes) and the Trustee as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions Noteholder and holder of Notes and related expressions shall be construed accordingly. Notwithstanding the above, 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 as notified to the CMU Lodging and Paying Agent by the CMU 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 as to the identity of any accountholder and the principal 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 as aforesaid, the Trustee and the Agents may rely on such evidence and/or information and/or certification as it shall, in its 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, (a) "**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; (b) "**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; (c) Couponholder means the holder of any Coupon and (d) capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 NO EXCHANGE OF NOTES AND TRANSFERS OF REGISTERED NOTES

(a) No Exchange of Notes

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

(b) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or the relevant Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Notes (the "**Regulations**"), the initial form of which scheduled to the Agency Agreement. The regulations may be changed (i) by the Issuer, with the prior written approval of the Registrar and the Trustee, or (ii) by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be made available for inspection (free of charge to the Holder and at the Issuer's expense) by the Registrar to any Noteholder at the specified office of the Registrar at all reasonable times during usual business hours 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 an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Conditions 2(b) or 2(c) shall be available for delivery within five business days of receipt of a duly completed and signed form of transfer or Put Exercise Notice (as defined in Condition 6(f)) or the Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar, as the case may be, to whom delivery or surrender of such form of transfer, Put Exercise Notice, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Put Exercise Notice, the Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise in writing 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. No Agent will be liable for the loss of any Certificate in the course of delivery.

(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 (i) payment by the relevant Noteholders of any tax, duties, assessments or other governmental charges of whatsoever nature that may be levied or imposed in relation to them (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require); (ii) the Registrar or the relevant Transfer Agent being satisfied in its sole and absolute discretion with the documents of title or identity of the person making the application; and (iii) the relevant Transfer Agent being satisfied that the Regulations (as defined in Condition 2(b) concerning transfer of Notes have been complied with.

(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 are redeemed by the Issuer at its option, or (v) during the period of seven Business Days ending on (and including) any Record Date.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream and 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 Principal Paying Agent and the Trustee.

3 GUARANTEE AND STATUS

(a) Guarantee

The Guarantor has unconditionally and irrevocably guaranteed the due and punctual payment of all sums expressed to be payable by the Issuer under and in respect of the Trust Deed and the Notes, the Receipts and the Coupons. Its obligations in that respect (the "**Guarantee**") are contained in the Trust Deed. The Guarantee constitutes direct, unconditional, unsubordinated, and (subject to Condition 4(a)) unsecured obligations of the Guarantor, and shall at all times rank at least *pari passu* with all other present and future unconditional, unsubordinated and unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) Status of Notes

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

4 NEGATIVE PLEDGE AND OTHER COVENANTS

(a) Negative Pledge

The Guarantor and the Issuer will not, and will not permit any Principal Subsidiary to, create, incur, assume or permit to exist any Lien upon any of its property or assets, now owned or hereafter acquired, to secure any Relevant Indebtedness of the Guarantor or the Issuer or any Principal Subsidiary thereof (or any guarantee or indemnity in respect thereof) issued or entered into outside of the PRC without, in any such case, making effective provision whereby the Notes and the Guarantee will be secured either at least equally and ratably with such Relevant Indebtedness or by such other Lien as shall have been approved by an Extraordinary Resolution (as defined in the Trust Deed), for so long as such Relevant Indebtedness will be so secured.

The foregoing restriction will not apply to:

(i) any Lien which is in existence on or prior to the date of the Trust Deed;

(ii) any Lien arising or already arisen automatically by operation of law, or for taxes, assessments or governmental charges which is promptly discharged or disputed in good faith by appropriate proceedings;

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

(iv) any right of set-off or combination of accounts arising in favour of any bank or financial institution as a result of the day-to-day operation of banking arrangements;

(v) any Lien either over any asset acquired after the date of the Trust Deed which is in existence at the time of such acquisition or in respect of the obligations of any Person which becomes the Guarantor's Subsidiary after the date of the Trust Deed which is in existence on the date on which it becomes the Guarantor's Subsidiary, 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 Lien may not be increased); provided that any such Lien was not incurred in anticipation of such acquisition or of such company becoming the Guarantor's Subsidiary;

(vi) any Lien created on any property or asset acquired, leased or developed (including improved, constructed, altered or repaired) after the date of the Trust Deed; provided, however, that (a)(i) any such Lien 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 Lien shall secure any other property or asset, the principal amount of the debt encumbered by such Lien shall not exceed the cost of the applicable acquisition, development or improvement and (b) any such Lien 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;

(vii) any Lien created (including any renewals or extension thereof) on any property or asset with a book value not exceeding 20 per cent. of the Total Assets in the aggregate pursuant to any securitisation, repackaging or like arrangement in accordance with normal market practice; provided, however, that the amount of the Relevant Indebtedness secured by such Lien shall be confined to the value of such property or asset secured;

(viii) any Lien 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;

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

(x) any easement, right-of-way, zoning and similar restriction and other similar charge or encumbrance not interfering with the ordinary course of business of the Guarantor or any of its Subsidiaries;

(xi) any Lien in favour of any government or any subdivision thereof, securing the obligations of the Guarantor or any of its Subsidiaries under any contract or payment owed to such governmental entity pursuant to applicable laws, rules, regulations or statutes;

(xii) any Lien on any loan extended by a Finance Subsidiary to the Guarantor, the Issuer or any of their Subsidiaries;

(xiii) any Lien securing reimbursement obligations with respect to letters of credit and similar instruments;

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

(xv) any Lien in respect of Indebtedness of the Guarantor or the Issuer with respect to which the Guarantor or the Issuer has paid money or deposited money or securities with a fiscal agent, trustee or depository to pay or discharge in full the obligations of the Guarantor and the Issuer in respect thereof (other than the obligation that such money or securities so paid or deposited, and the proceeds therefrom, be sufficient to pay or discharge such obligations in full).

(b) Limitation on Consolidation, Merger and Sale of Assets

Neither the Guarantor nor the Issuer may consolidate with or merge into any other Person in a transaction in which the Guarantor or the Issuer, as the case may be, is not the surviving entity, or convey, transfer or lease its properties and assets substantially as an entirety to any Person unless:

(i) any Person formed by such consolidation or into which the Guarantor or the Issuer, as the case may be, is merged or to whom the Guarantor or the Issuer, as the case may be, has conveyed, transferred or leased its properties and assets substantially as an entirety is a corporation validly existing under the laws of the jurisdiction of its organisation and such Person expressly assumes by a supplemental trust deed to the Trust Deed all the obligations of the Guarantor or the Issuer under the Trust Deed, the Notes or the Guarantee, as the case may be;

(ii) immediately after giving effect to the transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing;

(iii) any such Person not organised and validly existing under the laws of (or any such Person resident for tax purposes in a jurisdiction other than) Hong Kong or any successor jurisdiction (in the case of the Guarantor), or the British Virgin Islands or any successor jurisdiction (in the case of the Issuer) shall expressly agree in a supplemental trust deed that its jurisdiction of organisation or tax residence (or any political subdivision, territory or possession thereof, any taxing authority therein or any area subject to its jurisdiction) will be added to the list of Relevant Taxing Jurisdictions; and

if, as a result of the transaction, any property or asset of the Guarantor or any of its Subsidiaries would become subject to a Lien that would not be permitted under Condition 4(a), the Guarantor, the Issuer or such successor Person takes such steps as shall be necessary to secure the Notes at least equally and ratably with the Indebtedness secured by such Lien or by such other Lien as shall have been approved by an Extraordinary Resolution.

(c) Preservation of Corporate Existence

For so long as any Notes remain outstanding, the Issuer and the Guarantor shall do or cause to be done all things necessary to preserve and keep in full force and effect their corporate existence and that of each of their Subsidiaries and the corporate rights (charter and statutory) and corporate licenses of the Issuer and each such Subsidiary, except where a failure to do so, singly or in the aggregate, would not have a material adverse effect upon the financial condition, prospects, results of operations or business of the Issuer, the Guarantor and their Subsidiaries (if any) taken as a whole.

(d) Limitation on the Issuer's Activities

For so long as the Notes are outstanding:

(i) the Issuer will conduct no business or any other activities other than (A) the offering, sale or issuance of any debt securities (including the Notes and any further securities issued in accordance with Condition 15), (B) entry into any other financial indebtedness, (C) the lending of the proceeds thereof to the Guarantor or a company controlled by the Guarantor, directly or indirectly, and located in a jurisdiction outside the PRC, (D) the maintenance of the Issuer's corporate existence, and (E) any other activities in connection therewith;

(ii) the Issuer will not issue any Capital Stock other than the issuance of its ordinary shares to the Guarantor;

(iii) neither the Guarantor nor the Issuer will commence or take any action to cause a winding-up or liquidation of the Issuer; and

(iv) the Guarantor will maintain 100 per cent. of the equity ownership of the Issuer.

(e) Provision of Reports

So long as any of the Notes remain outstanding, the Issuer and the Guarantor will deliver to the Trustee the following documents in the English language:

(i) a Compliance Certificate of each of the Issuer and the Guarantor (on which the Trustee may conclusively rely as to such compliance and shall not be liable to any Noteholder or any other person for such reliance) and copies of the Guarantor's financial statements (on a consolidated basis) in respect of such financial year (including a statement of income, balance sheet and cash flow statement and any notes to the financial statements) audited by a member firm of independent accountants as soon as they are available, but in any event within 180 calendar days after the end of the fiscal year of the Guarantor (and, in the case of a Compliance Certificate requested by the Trustee, within 15 business days of any written request by the Trustee); and

(ii) a Compliance Certificate of each of the Issuer and the Guarantor (on which the Trustee may conclusively rely as to such compliance and shall not be liable to any Noteholder or any other person for such reliance) and copies of the Guarantor's unaudited financial statements (on a consolidated basis) in respect of such semi-annual period (including a statement of income, balance sheet and cash flow statement but without any notes to the unaudited financial statements) prepared on a basis consistent with the audited financial statements of the Guarantor, but in any event within 135 calendar days after the end of the first semi-annual fiscal period of the Guarantor;

provided however, that if at any time the Capital Stock of the Guarantor is listed for trading on a recognised stock exchange, the Guarantor will file with the Trustee, as soon as they are available but in any event not more than 10 calendar days after any financial or other reports of the Guarantor are filed with any recognised exchange on which the Guarantor's Capital Stock is at any time listed for trading, true and correct copies of any financial or other report (in the English language) filed with such exchange in lieu of the reports identified in clauses (i) and (ii) above.

The Issuer shall deliver to the Trustee as soon as possible, and in any event within 10 days after the Issuer 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, setting forth the details thereof and the action the Issuer is taking or propose to take with respect thereto (if any).

(f) Notification to NDRC

In relation to each Tranche of Notes where the NDRC New Measures is applicable, the Issuer, the Guarantor and China Cinda shall file or cause to be filed with the NDRC the requisite information and documents in connection with each Series of Notes from time to time within the relevant prescribed timeframes in accordance with the NDRC New Measures.

In these Conditions:

"**Capital Stock**" means any and all shares, interests (including joint venture interests), 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).

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

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

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

"**Finance Subsidiary**" means any Person who is wholly-owned by the Guarantor and who does not engage in any business activity except (1) the incurrence of Indebtedness to Persons other than the Guarantor, the Issuer or any of their respective Subsidiaries, (2) the ownership of shares of another Finance Subsidiary, (3) activity related to the establishment or maintenance of that Person's corporate existence, and (4) any other activity in connection with or incidental to activities referred to in clauses (1), (2) or (3) (but for the avoidance of doubt does not include the Issuer).

"**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.

"**Lien**" means any mortgage, charge, pledge, lien, encumbrance, hypothecation, title retention, security interest or security arrangement of any kind.

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

"**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.

"**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.

"**Potential Event of Default**" means any event or circumstance which would with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 10 become an Event of Default;

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

"**Relevant Indebtedness**" of any Person means (i) any present or future indebtedness 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 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.

a "**Subsidiary**" means, as applied to any Person, any corporation or other entity of which a majority of the outstanding Voting Shares is, at the time, directly or indirectly, owned by such Person.

"**Total Assets**" means the consolidated total assets of the Guarantor and its subsidiaries calculated by reference to the then latest financial statements of the Guarantor (which can be internal financial statements).

"**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 stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

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 and Index Linked Interest Notes

(i) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(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 by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon;

(y) the Designated Maturity is a period specified hereon; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(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:

(I) the offered quotation; or

(II) the arithmetic mean of the offered quotations,

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

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

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

Rate is HIBOR or CNH HIBOR, at approximately 11.00 a.m. (Hong Kong time) or, if the Reference Rate if CNH HIBOR, at approximately 11.15 a.m. (Hong Kong time), on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as provided in writing to the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, 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 Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or, if the Reference Rate is HIBOR, 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 Issuer suitable for such purpose) informs the Calculation Agent (in writing) it is quoting to leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market as at 11.00 a.m. (Brussels time), or, if the Reference Rate is HIBOR, the Hong Kong inter-bank market as at 11.00 a.m. (Hong Kong time) or, if the Reference Rate is CNH HIBOR, the Hong Kong inter-bank market as at 11.15 a.m. (Hong Kong time), as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum 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 or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum 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 in the relevant Pricing Supplement.

(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) as specified in the relevant Pricing Supplement remains to be determined by reference to such Original Reference Rate, then 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 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 Agent, the Noteholders or the Couponholders for any determination made by it, pursuant to this Condition 5(b)(iii)(D).

If (1) the Issuer is unable to appoint an Independent Adviser; or (2) 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 Period shall equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest 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 Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(b)(iii)(D).

(i) *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 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)); 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)).

(ii) *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.

(iii) *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)(iii), 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 of an Officer's Certificate of the Issuer pursuant to Condition 5(b)(iii)(D)(iii), the Trustee 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 shall not be obliged so to concur if in the opinion of the Trustee 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 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, 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.

(iv) *Notices, etc.:* Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition will be notified promptly 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 Trustee, the Calculation Agent and the Paying Agent of the same, the Issuer shall deliver to the Trustee an Officer's Certificate:

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

(2) 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.

Each of the Trustee, the Calculation Agent and the Paying Agent 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 Officer's Certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agent and the Noteholders.

(v) *Survival of Original Reference Rate*: Without prejudice to the obligations of the Issuer under Conditions 5(b)(iii)(D)(i), (ii) and (iii), the Original Reference Rate and the fallback provisions provided for in Condition 5(b)(iii)(B) specified in the relevant Pricing Supplement 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) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with 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 (if no such recommendation has been made, or in the case of an Alternative Rate);

(ii) 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 (if Independent Adviser determines that no such spread is customarily applied);

(iii) 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);

(iv) the Independent Adviser, determines in good faith to be appropriate;

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser, determines in accordance with Condition 5(b)(iii)(D)(i) is customary in market usage in the international debt capital markets 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 regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

(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) and (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, or the prohibition of use of the Original Reference Rate, as the case may be, 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 appointed by the Issuer at its own expense;

"**Officer**" means the General Manager, the Chief Financial Officer, any Deputy General Manager or any director of the Issuer or the Guarantor, as the case may be;

"**Officer's Certificate**" means a certificate signed by an Officer;

"**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;

"**Rate of Interest**" means the rate or rates of interest payable from time to time in respect of the Notes specified in the Pricing Supplement or calculated or determined in accordance with the Conditions and/or the provisions of the Pricing Supplement.

"**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.

(iv) Rate of Interest for Index Linked Interest Notes

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

(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 is 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 Default Rate specified in the Pricing Supplement, or, if none, Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(g) Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts 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 or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the Pricing Supplement, 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 halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes, unit means the lowest amount of such currency that is available as legal tender in the country or countries of such currency.

(h) Maximum or Minimum Rate of Interest

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified. If the relevant Pricing Supplement does not specify any Minimum Rate of Interest and the Rate of Interest as determined by the Calculation Agent according to this Condition 5(b) is a negative value, the Rate of Interest shall be zero percent per annum.

(i) Calculations

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

So long as the Notes are represented by 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 principal amount of the Notes represented by the Global Certificate.

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

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, (subject to being provided the required quotations in writing by the Reference Banks) make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified (in writing) to the Trustee, the Issuer, the Guarantor, the Paying Agent, 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 (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. None of the Trustee or the Paying Agent shall be responsible for calculating or verifying the Early Redemption Amount, and none of them shall be liable to the Noteholders or the Issuer or any other person for not doing so.

(k) Definitions

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

"**Business Day**" means a day which is both:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the location of the relevant paying agent; and

(ii) in the case of:

  (i) a currency other than euro and 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) euro, a day on which the TARGET System is operating (a "**TARGET Business Day**"); and/or

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

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

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

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

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

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

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

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

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:

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

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 in the Pricing Supplement, 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

"$\mathbf{D_2}$" 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,

(i) 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

(ii) 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;

"**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, or determined in accordance with the provisions of, the Pricing Supplement;

"**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 TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro or (iv) the day falling two Business Days in Hong Kong prior to the first day of such Interest Accrual Period if the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR;

"**Interest Payment Date**" means the date or dates specified as such in, or determined in accordance with the provisions of, the Pricing Supplement;

"**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 in the Pricing Supplement;

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

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon;

"**Redemption Amount**" means the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, each as specified as such in, or determined in accordance with the provisions of, the Pricing Supplement;

"**Redemption Date**" means the Optional Redemption Date specified in the applicable Pricing Supplement or such other date set for redemption of the Notes pursuant to Condition 6;

"**Reference Banks**" means, (i) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, (ii) 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, (iii) in the case of a determination of CNH HIBOR, the principal Hong Kong office of four major banks dealing in Renminbi in the Hong Kong inter-bank market, in each case selected by the Issuer and notified in writing to the Calculation Agent 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 in the Pricing Supplement (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; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(l) Calculation Agent

The Issuer and the Guarantor 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 the relevant Series of Notes 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 or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer and the Guarantor 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. For so long as the relevant Series of Notes is outstanding, 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 outstanding nominal amount) or, in the case of a Note falling within Condition 6(a)(i) above, its final Instalment Amount.

(b) Early Redemption

(i) Zero Coupon Notes

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c), 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(a)(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 Condition 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), Condition 6(e) or Condition 6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon. Neither the Trustee nor any of the Agents will be responsible for calculating or verifying the Early Redemption Amount of the Final Redemption Amount, and none of them shall be liable to the Noteholders or the Issuer or any other person for not doing so.

(c) Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note) or at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note), upon notice as described below, at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued (if any) to the date fixed for redemption and Additional Amounts, if any, if, as a result of any change in or amendment to the laws of a Relevant Taxing Jurisdiction or any regulations or rulings promulgated thereunder, or any change in, or announcement of any, official interpretation or official application of, or the stating of an official position by any governmental authority with respect to, such laws, regulations or rulings, which change or amendment or announcement (i) except as described in (ii) immediately below, becomes effective on or after the issue date of the relevant Notes and (ii) in the case of any successor to the Guarantor or the Issuer that is organised or tax resident in a jurisdiction that is not a Relevant Taxing Jurisdiction as at the date on which the person became a successor to the Issuer or the Guarantor, becomes effective on or after the date such successor assumes the Guarantor's or the Issuer's obligations, as applicable, under the Notes, the Guarantee and the Trust Deed,

(i) the Issuer is or would be required on the next succeeding due date for a payment with respect to the Notes to pay Additional Amounts with respect to the Notes as described under Condition 8; or

(ii) the Guarantor is or would be unable, for reasons outside its control, on the next succeeding due date for a payment with respect to the Notes to procure payment by the Issuer, and with respect to a payment due or to become due under the Guarantee, the Guarantor is or would be required on the next succeeding due date for a payment with respect to the Notes to pay Additional Amounts as described above under Condition 8; or

(iii) any payment to the Issuer by the Guarantor or any wholly-owned Subsidiary of the Guarantor to enable the Issuer to make payment of interest or Additional Amounts, if any, on the Notes is or would be when paid to the Issuer before the next succeeding due date for a payment on the Notes subject to withholding or deduction for taxes imposed by a Relevant Taxing Jurisdiction or any authority therein or thereof having power to tax,

and such obligation cannot be avoided by the use of reasonable measures available to the Guarantor or the Issuer, as the case may be.

Notice of redemption of the Notes as provided above shall be given not less than 30 nor more than 60 days prior to the date fixed for redemption (in accordance with Condition 16) to the holders (which notice shall be irrevocable) and to the Trustee and the Issuing and Paying Agent. Notice having been given, the Notes of such series shall become due and payable on the date fixed for redemption and will be paid at the redemption price, together with accrued interest to the date fixed for redemption and any Additional Amounts, at the place or places of payment and in the manner specified in the notice. From and after the date fixed for redemption, if moneys for the redemption of such Notes shall have been made available as provided in the Trust Deed for redemption on the date fixed for redemption, the Notes shall cease to bear interest, and the only right of the holders of the Notes shall be to receive payment of the redemption price and interest accrued (if any) to the date fixed for redemption.

Prior to the mailing of any notice of redemption of the Notes pursuant to this Condition 6(c), the Issuer, the Guarantor or a surviving person, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before the date fixed for redemption an Officer's Certificate stating that a change or amendment or announcement referred to in the prior paragraph has occurred, describing the facts relating thereto and stating that such requirement cannot be avoided by the Issuer, the Guarantor or such surviving person, as the case may be, taking reasonable measures available to it. The Trustee shall be entitled, without being liable to any Noteholders or Couponholders or any other Person, to conclusively rely upon and accept such Officer's Certificate as sufficient evidence of the satisfaction of the condition precedent set out in this Condition 6(c), in which event the same shall be conclusive and binding on the Noteholders and Couponholders.

Upon the expiry of any such notice period as is referred to in this Condition 6(c), the Issuer shall be bound to redeem the Notes in accordance with this Condition 6(c).

(d) Redemption at the Option of the Issuer

If Call Option is specified hereon, the Issuer may, on giving not less than 20 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the applicable Pricing Supplement, which notice shall be irrevocable and shall specify the Optional Redemption Date) 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 (if any) accrued to but excluding the Optional Redemption Date). Any such redemption or exercise must relate to Notes of a principal 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).

Any notice of redemption given under this Condition 6(d) will override any notice of redemption given (without previously, on the same date or subsequently) under Condition 6.

In the case of a partial redemption, the notice to Noteholders shall, in the case of Bearer Notes, also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes, specify the nominal amount of Registered Notes selected and the holder(s) of such Registered Notes, to be redeemed, which shall have been selected as follows:

(i) if the Notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the Notes are listed and/or if the Notes are held through any clearing system, in compliance with the requirements of the clearing systems; or

(ii) if the Notes are not held through any clearing system, on a pro rata basis, by lot or by such other method as the Trustee in its sole discretion shall deem to be fair and appropriate, unless otherwise required by law.

(e) Redemption at the Option of Noteholders

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

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

(f) Redemption upon a Change of Control Triggering Event

Unless previously redeemed under Condition 6, upon a Change of Control Triggering Event, the Issuer will be required to make an offer to redeem all of the Notes at a price in cash equal to 101 per cent. of the principal amount of the Notes redeemed, plus accrued and unpaid interest (if any) on the principal amount of Notes being redeemed to but excluding the date of redemption (a "**Change of Control Offer**").

Within 30 days following any Change of Control Triggering Event, the Issuer will be required to give written notice (a "**Put Exercise Notice**") to holders in accordance with Condition 16 and to the Trustee, describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to redeem all of the Notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is given (the "**Change of Control Purchase Date**"). A Put Exercise Notice, once delivered, shall be irrevocable.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes such an offer substantially in the manner, at the times and in compliance with the requirements for a Change of Control Offer (and for at least the same purchase price payable in cash) and such third party purchases all Notes properly tendered and not withdrawn under its offer.

A holder will have no right to require the Issuer to redeem portions of Notes if it would result in the issuance of new Notes, representing the portion not redeemed, in an amount of less than the minimum Specified Denomination as set out in the Pricing Supplement.

The Issuer will comply, to the extent applicable, with the requirements of applicable securities laws or regulations in connection with the redemption of Notes pursuant to this covenant.

The Trustee shall not be required to take any steps to ascertain whether a Change of Control Triggering Event has occurred or may occur, and shall be entitled to assume that no such event has occurred unless the Trustee has received written notice of the occurrence of such event. The Trustee shall not have any obligation or duty to verify the accuracy, completeness, content, validity and/or genuineness of any documents in relation to or in connection with a Change of Control Triggering Event, and shall not be responsible for determining or verifying whether a Note is to be accepted for purchase under a Change of Control Offer and will not be responsible to the holders for any loss arising from any failure by it to do so. Neither the Trustee nor any Agent shall be under any duty to determine, calculate or verify the amount payable under a Change of Control Offer and will not be responsible to the holders for any loss arising from any failure by it to do so.

In this Condition 6(f):

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

(A) China Cinda ceasing to own and control, directly or indirectly 100.0 per cent. of the Voting Shares of the Guarantor; or

(B) the Guarantor ceasing to own and control directly 100.0 per cent. of the Voting Shares of the Issuer; or

(C) the government of the PRC or Persons controlled by the government of the PRC ceasing to Control China Cinda.

(ii) "**Change of Control Triggering Event**" means a Change of Control, provided, however, that, in the event that the Notes are, on the Rating Date, rated Investment Grade by two or more Rating Agencies, a Change of Control Triggering Event shall mean the occurrence of both a Change of Control and a Rating Decline. No Change of Control Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

(iii) "**China Cinda**" means China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司).

(iv) "**Control**" means directly or indirectly (i) owning and controlling at least 50.1 per cent. of the Voting Shares of China Cinda; or (ii) nominating or appointing a majority of the members of China Cinda's board of directors or other equivalent or successor governing body; or (iii) possessing the ability or power to direct the management policies of China Cinda.

(v) "**Investment Grade**" means a rating of "AAA", "AA", "A" or "BBB", as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns; a rating of "Aaa", "Aa", "A" or "Baa", as modified by a "1", "2" or "3" indication, or an equivalent rating representing one of the four highest rating categories, by Moody's or any of its successors or assigns; a rating of "BBB-" or better by Fitch or any of its successors or assigns; or the equivalent ratings of any United States nationally recognised rating agency or agencies, as the case may be, which shall have been designated by the Guarantor as having been substituted for S&P, Moody's, or Fitch or any combination thereof, as the case may be.

(vi) "**Rating Agencies**" means (i) Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors ("**S&P**"); (ii) Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors ("**Moody's**"); (iii) Fitch Inc., a subsidiary of Fimalac, S.A., and its successors ("**Fitch**"); and (iv) if one or more of S&P, Moody's or Fitch shall not make a rating of the Notes publicly available, any internationally recognised securities rating agency or agencies, as the case may be, selected by the Guarantor, which shall be substituted for S&P, Moody's or Fitch or any combination thereof, as the case may be.

(vii) "**Rating Date**" means, in connection with a Change of Control Triggering Event, that date which is 90 calendar days prior to the earlier of (i) a Change of Control and (ii) a public notice of the occurrence of a Change of Control or of the intention by any Person or Persons to effect a Change of Control.

(viii) "**Rating Decline**" means, in connection with a Change of Control Triggering Event, the occurrence on, or within six months after, the date, or public notice of the occurrence of, a Change of Control or the intention by any Person or Persons to effect a Change of Control (which period shall be extended (by no more than an additional three months after the consummation of the Change of Control) so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of any of the events listed below:

(D) in the event the Notes are (a) on the Rating Date (x) rated by three Ratings Agencies and (y) rated Investment Grade by each such Rating Agency, and (b) cease to be rated Investment Grade by at least two of such Rating Agencies; or

(E) in the event the Notes are (a) on the Rating Date (x) rated by two but not more Ratings Agencies and (y) rated Investment Grade by each such Rating Agency, and (b) cease to be rated Investment Grade by both such Rating Agencies.

(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, among other things, calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11(a) or 12 or when the Trustee is determining prejudice or material prejudice to Noteholders.

(i) Cancellation

All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their Subsidiaries may be 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 or the Guarantor (as the case may be), 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 or the Guarantor (as the case may be) in respect of any such Notes shall be discharged.

7 PAYMENTS AND TALONS

*So long as the Global Note or Global Certificate 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 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 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 in Condition 7(c), "**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 the TARGET System.

Payments of principal and interest in respect of Bearer Notes held in the CMU will be made to the CMU for their 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 in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

(b) Payments in the United States

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

(c) Registered Notes

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

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

(A) in the case of a currency other than Renminbi, upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by wire transfer to an account in the relevant currency maintained by the payee with a Bank; and

(B) in the case of Renminbi, by transfer to the registered account of the Noteholder.

In this Condition 7(c), "**registered account**" means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

Payments of principal and interest in respect of Registered Notes held in the CMU will be made to the CMU for their 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 in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

(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 expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) Appointment of Agents

The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrar, the Transfer

Agents and the Calculation Agent act solely as agents of the Issuer, the Guarantor and/or (to the extent provided in the Agency Agreement) the Trustee and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time with the prior written approval of the Trustee (where required in accordance with the Agency Agreement) to vary or terminate the appointment of the Issuing and Paying Agent, the CMU Lodging and Paying Agent, any other Paying Agent, any Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iv) a Transfer Agent in relation to Registered Notes, (v) a CMU Lodging and Paying Agent in relation to Notes accepted for clearance through the CMU, (vi) one or more Calculation Agent(s) where the Conditions so require, and (vii) such other agents as may be required by any other stock exchange on which the Notes may be listed.

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

Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer to the Noteholders 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 or Index Linked Notes), such Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 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, Dual Currency Note or Index Linked Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

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

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

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

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

(g) Talons

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

(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 generally open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" hereon and:

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

(ii) (in the case of a payment in euro) which is a TARGET Business Day; or

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

8 TAXATION

All payments of principal, premium (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 withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or Hong Kong or any other jurisdiction (each, a "**Relevant Taxing Jurisdiction**") in which the Guarantor or the Issuer, as the case may be (or any successor to the Guarantor or the Issuer, as the case may be) is tax resident, in each case including any political subdivision, territory or possession thereof, any authority therein having power to tax or any area subject to its jurisdiction or any jurisdiction from or through which any payment is made by the Guarantor or the Issuer, unless such Taxes are required by law to be withheld or deducted.

If the Issuer or, as the case may be, the Guarantor, is required to make such a deduction or withholding, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Amounts shall be payable in respect of any Note, Receipt or Coupon or in respect of any payment pursuant to the Guarantee:

(a) to a holder who is liable to such Taxes in respect of such Note by reason of his (or a beneficial owner) having some connection with the Relevant Taxing Jurisdiction other than the mere holding of the Note;

(b) which is surrendered (where required to be surrendered) more than 30 days after the Relevant Date, except to the extent that the holder would have been entitled to such Additional Amounts on surrender of such Note for payment on the last day of such period of 30 days;

(c) to a holder (or to a third party on behalf of a holder) who would have been able to avoid such withholding or deduction by duly presenting the Notes (where presentation is required) to another paying agent;

(d) to, a holder who, further to a timely notice from the Issuer, could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the Certificate, Receipt or Coupon representing the Note is presented for payment; or

(e) with respect to any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other similar governmental charge; or

(f) with respect to any withholding or deduction that is imposed in connection with Sections 1471-1474 of the U.S. Internal Revenue Code and the U.S. Treasury regulations or official guidance thereunder (FATCA), any intergovernmental agreement between the United States and any other jurisdiction implementing, or relating to, FATCA or any law, regulation or guidance enacted or issued in any jurisdiction with respect thereto; or

(g) with respect to any Taxes payable otherwise than by deduction or withholding from payments under or with respect to any Note or Guarantee; or

(h) with respect to any combination of taxes, duties, assessments or other governmental charges referred to in the preceding items (a) through (g) above.

As used in these Conditions, "**Relevant Date**" in respect of any Note, Receipt or Coupon means whichever is the later of (i) the date on which such payment first becomes due; and (ii) if the full amount payable has not been received by the Issuing and Paying Agent in accordance with the terms of the Agency Agreement on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the holders of the Notes, Receipt or Coupon. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 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 Taxing Jurisdiction shall be construed to include such other jurisdiction.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or in connection with the Notes 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 to provide any notice or information that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, 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 be 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 aggregate nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to the Trustee first having been indemnified and/or secured and/or pre-funded to its satisfaction), give written notice to the Issuer and the Guarantor declaring that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

(a) failure to pay principal of, or premium on, if any, any Note after the date such amount is due and payable, upon optional redemption, acceleration or otherwise, and such failure to pay continues for a period of 14 days;

(b) failure to pay interest on any Note within 30 days after the due date for such payment;

(c) failure by the Issuer or Guarantor to comply with its obligations under the covenants described under Condition 4(b);

(d) failure to perform any other covenant or agreement of the Guarantor or the Issuer in the Trust Deed (other than those referred to paragraphs (a), (b) and (c) above and (h) below), and in each case, such failure continues for 60 days after there has been given, by registered or certified mail, to the Guarantor or the Issuer, as the case may be, by the Trustee or by the holders of at least 25 per cent. in aggregate principal amount of the Notes of that series then outstanding (with a copy to the Trustee) a written notice specifying such failure and requiring it to be remedied and stating that such notice is a "Notice of Default" under the Trust Deed;

(e) the Guarantee shall cease to be in full force or effect or the Guarantor shall deny or disaffirm its obligations under the Guarantee;

(f) (i) failure to pay upon final maturity (after giving effect to the expiration of any applicable grace period therefor) the principal of any Indebtedness of the Guarantor, the Issuer or any Principal Subsidiary, (ii) acceleration of the maturity of any Indebtedness of the Guarantor, the Issuer or any Principal Subsidiary following a default by the Guarantor, the Issuer, or such Principal Subsidiary, if such Indebtedness is not discharged, or such acceleration is not annulled, within 10 calendar days after receipt by the Trustee of the written notice from the Guarantor or the Issuer as provided in the Trust Deed, or (iii) 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 if such obligation is not discharged or otherwise satisfied within 10 calendar days after receipt by the Trustee of written notice as provided in the Trust Deed; provided, however, that no such event set forth in sub-clause (i), (ii) or (iii) shall constitute an Event of Default unless the aggregate outstanding Indebtedness to which all such events relate exceeds 0.5 per cent. of the Total Assets of the Guarantor (or its equivalent in any other currency);

(g) failure by the Guarantor, the Issuer or any Principal Subsidiary to pay one or more final judgments from a court of competent jurisdiction in the PRC, the British Virgin Islands, Hong Kong, or a member country of the Organization for Economic Cooperation and Development, aggregating in excess of 0.5 per cent. of the Total Assets of the Guarantor (or its equivalent in other currencies), which judgments are not paid, discharged or stayed for a period of 60 days, during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(h) (x) a decree or order is entered (i) 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 (ii) 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 a reorganisation, a winding up, an arrangement, an adjustment or a composition, with creditors, 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 respective 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; except in each case, 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 Guarantor, the Issuer or any Principal Subsidiary, China Cinda or any of its other subsidiaries, or any third party on an arm's length basis;

(i) 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, reorganization 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 respective 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 the purposes of and followed by a reconstruction, 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 Guarantor, the Issuer or any Principal Subsidiary, China Cinda or any of its other subsidiaries, or any third party on an arm's length basis;

(j) (x) a distress, attachment, execution, 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 Issuer, the Guarantor or any of the Principal Subsidiaries, as the case may be, and is not discharged or stayed within 60 days;

(k) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer 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, as applicable; (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes and the Trust Deed, as applicable, admissible in evidence in the courts of Hong Kong, is not taken, fulfilled or done; or

(l) it is or will become unlawful for any of the Issuer and the Guarantor to perform or comply with any one or more of their respective obligations under any of the Notes and the Trust Deed, as applicable.

For the purposes of this Condition 10:

"**Listed Subsidiary**" means any Subsidiary of the Guarantor, the shares of which are at the relevant time listed on any stock exchange, and any Subsidiary of such Listed Subsidiary.

"**Principal Subsidiary**" means at any time a Subsidiary of the Guarantor (other than any Listed Subsidiary of the Guarantor and the Subsidiaries of such Listed Subsidiary):

(i) as to which one or more of the following conditions is/are satisfied:

 (A) its revenue or (in the case of a Subsidiary of the Guarantor which has Subsidiaries) consolidated revenue (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

(B) 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 of the Guarantor (after deducting minority interests in Subsidiaries);

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 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

(ii) to which is transferred all or substantially all of the assets of the 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 (i) above).

A certificate of the auditors of the Guarantor as to whether or not a Subsidiary is a Principal Subsidiary shall be conclusive and binding on all parties in the absence of manifest error.

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 or the Agency Agreement. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing to do so by Noteholders holding not less than 10 per cent. in aggregate nominal amount of the Notes for the time being outstanding (subject to it being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses). The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum Rate of Interest and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum Rate of Interest and/or Maximum Rate of Interest, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution or (viii) to modify or cancel the Guarantee (other than as contemplated in Condition 11(b)), in which case the necessary quorum will be two or more persons holding or representing not less than 66.67 per cent. or at any adjourned meeting not less than 25 per cent. in aggregate nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution (A) in writing signed by or on behalf of the holders of not less than 90 per cent. in aggregate nominal amount of the Notes for the time being outstanding (the Written Resolution) or (B) passed by Electronic Consent as defined in the Trust Deed) 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. A Written Resolution and/or Electronic Consent shall take effect as an Extraordinary Resolution. A Written Resolution and/or Electronic Consent will be binding on all Noteholders and holders of Coupons, Talons and Receipts, whether or not they participated in such Written Resolution and/or Electronic Consent.

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 shall not be obliged to) agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement that 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 and the Couponholders and unless the Trustee otherwise agrees, any such modification, authorisation or waiver shall be notified by the Issuer to the Noteholders in accordance with Condition 16 as soon as practicable thereafter.

(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 or Couponholders, and the Trustee shall not be entitled to require on behalf of any Noteholder, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer or the Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

(d) Substitution

The Trustee may (but shall not be obliged to), without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Receipts, the Coupons and the Trust Deed of another company, being a Subsidiary of the Guarantor, subject to (i) the Notes being unconditionally and irrevocably guaranteed by the Guarantor, (ii) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (iii) certain other conditions set out in the Trust Deed being complied with.

12 ENFORCEMENT

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, take such steps and/or actions and/or institute such proceedings against the Issuer and/or Guarantor as it may think fit to enforce the terms of the Trust Deed and/or the Notes, but it need not take any such steps and/or actions or institute 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 principal amount of the Notes then outstanding, and (b) it shall first have been indemnified and/or secured and/or pre-funded to its satisfaction.

No holder shall have any right to institute any proceeding with respect to the Trust Deed or the Notes or any remedy thereunder, unless the Trustee (i) has failed to act for a period of 60 days after receiving written notice of a continuing Event of Default by such holder and a request to act by an Extraordinary Resolution or so requested in writing by the holders of at least 25 per cent. in aggregate principal amount of outstanding Notes; (ii) has been offered indemnity and/or secured and/or pre-funded to its satisfaction and (iii) has not received from the holders of a majority in aggregate principal amount of the outstanding Notes a written direction inconsistent with such request.

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 steps, actions or proceedings to enforce payment or taking other actions unless first indemnified and/or secured and/or pre-funded to its satisfaction, and to be paid or reimbursed for its fees, costs, expenses and indemnity payments in priority to the claims of the Noteholders. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and/or any entity (directly or indirectly) 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 or the Guarantor in relation to the Notes of the duties and obligations on their part expressed in respect of the same and, unless it has express written notice from the Issuer 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 rely conclusively on any direction, request or resolution of Noteholders given by holders of the requisite nominal amount of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed. Neither the Trustee nor any of the Agents shall be under any obligation to monitor or take any steps to ascertain whether any Change of Control Triggering Event, Event of Default or Potential Event of Default has occurred or monitor or supervise compliance with the provisions of the Trust Deed, the Agency Agreement or these Conditions, and they shall not be liable to the Noteholders or any other person for not doing so. The Trustee and the Agents shall be deemed to have no knowledge of any Change of Control Triggering Event, Event of Default or Potential Event of Default unless and until it obtains written notification of such Change of Control Triggering Event, Event of Default or Potential Event of Default describing the circumstances of such, and identifying the circumstances constituting such Change of Control Triggering Event, Event of Default or any Potential Event of Default.

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 or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction or certification, to seek directions from the Noteholders by way of Extraordinary Resolution or clarification of any directions, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Guarantor, the Noteholders or Couponholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction or certification where the Trustee is seeking such directions or clarification of any directions from the Noteholders or in the event that no direction or clarification is given to the Trustee by the Noteholders.

Each of the Trustee and the Agents may rely without liability to the Issuer, the Guarantor, Noteholders, Couponholders or any other person on any report, confirmation or certificate or any advice or opinion of any legal advisers, accountants, financial advisors, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee, any Agent or any other person 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 rely on any such report, confirmation, certificate, advice or opinion and, in such event, such report, confirmation, certificate, advice or opinion shall be binding on the Issuer, the Guarantor and the Noteholders.

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

14 REPLACEMENT OF NOTES, CERTIFICATES, RECEIPTS, COUPONS AND TALONS

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer or the relevant Agent may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

15 FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or Couponholders and in accordance with the Trust Deed, create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with an outstanding Series, *provided that* such supplemental documents are executed and further opinions are obtained as the Trustee may require as further set out in the Trust Deed. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single series with the Notes.

16 NOTICES

Notices to the holders of Registered Notes shall be in writing in the English language and mailed to them (or the first named of joint holders) by uninsured mail at their respective addresses in the Register and deemed to have been given on the fourth Business Day after the date of mailing and, so long as the Notes are listed on a stock exchange and the rules of that exchange so require, published at the Issuer's expense in a leading newspaper having general circulation in Asia (which is expected to be the Wall Street Journal Asia). Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Asia and, so long as the Notes are listed on a stock exchange and the rules of that exchange so require, published at the Issuer's expense in a daily newspaper with general circulation in Asia (which is expected to be *The Wall Street Journal Asia*). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Asia. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note or Global Certificate, such notice may be given by any holder of a Note to the Issuing and Paying Agent or the Registrar through Euroclear and/or Clearstream and/or, in the case of Notes lodged with the CMU, by delivery by such holder of such notice to the CMU Lodging Agent in Hong Kong, as the case may be, in such manner as the Issuing and Paying Agent, the Registrar, the CMU Lodging Agent and Euroclear and/or Clearstream and/or the CMU, as the case may be, may approve for this purpose.

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 any Global Note or Global Certificate is held in its entirely on behalf of Euroclear and Clearstream or deposited with a subcustodian for and registered in the name of the Hong Kong Monetary Authority as operator of 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, 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) ACT 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18 GOVERNING LAW AND JURISDICTION

(a) Governing Law

The Trust Deed, the Notes, the Receipts, the Coupons and the Talons, the Agency Agreement and the Guarantee, and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England.

(b) Jurisdiction

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, Receipts, Coupons or Talons, the Guarantee, the Agency Agreement and the Trust Deed. Accordingly, any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons, the Guarantee, the Agency Agreement and the Trust Deed ("**Proceedings**") shall be brought in the courts of Hong Kong. Each of the parties irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) Agent for Service of Process

The Issuer has irrevocably appointed the Guarantor at its registered office, currently at 12/F, AIA Central, 1 Connaught Road Central, Central, Hong Kong, to receive service of process in any Proceedings in Hong Kong. Such service shall be deemed completed on delivery to such agent (whether or not, it is forwarded to and received by the Issuer). If for any reason such agent ceases to be able to act as such or no longer has an address in Hong Kong, the Issuer irrevocably agrees to forthwith appoint a substitute process agent in Hong Kong and deliver to the Trustee a copy of the agent's acceptance of that appointment within 30 days of such cessation. Nothing shall affect the right to serve process in any manner permitted by law.

(d) Waiver of Immunity

To the extent each of the Issuer or the Guarantor may acquire any immunity (sovereign or otherwise) from any legal action, suit or proceeding, from the jurisdiction of any court or from set-off or any legal process (whether service or notice, attachment in aid or otherwise) with respect to itself or any of its property, it hereby unconditionally and irrevocably waives, to the fullest extent permitted by law, and agrees not to plead or claim such immunity in respect of its obligations under the terms and conditions of the Notes.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

The following table sets forth information regarding Cinda HK's board of directors:

Name	Position
Liang Senlin	Chairman, Director
Huang Qiang	Director
Ren Li	Director
Shen Hongpu	Director
Wang Jianli	Director

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Directors

Mr. Liang Senlin. Mr. Liang has been serving as the Chairman and Director of Cinda HK since May 2019. He joined Cinda HK in 2018 and had served at the General Manager level at the Board of Directors Office of China Cinda from 2018 to 2019. He worked as Manager of the Credit Department, Manager and Deputy Director of the Corporate Business Department at Bank of China Shanxi Branch from 1990 to 2000. He then held various management positions at China Orient Asset Management Co., Ltd. as Assistant General Manager, Deputy General Manager and General Manager from 2001 to 2018. Mr. Liang received his master's degree of Technical Economics from Xi'an Jiaotong University School of Management in 1990.

Mr. Huang Qiang. Mr. Huang has been serving as General Manager and Director of Cinda HK since March 2021 and had served as Deputy General Manager of Cinda HK from March 2017 when joining Cinda HK. He joined China Cinda in 2013 and had served as Assistant General Manager of Strategic Development Department, Assistant General Manager and Deputy General Manager of Asset Management Department and Assistant to the President of NCB China. Mr. Huang graduated from the School of Business Administration in Southwestern University of Finance and Economics with a master's degree in December 2003 and a doctorate degree in Enterprise Management in July 2009.

Mr. Ren Li. Mr. Ren has been serving as Director of Cinda HK since November 2022. Mr. Ren joined China Cinda in December 2000 and had served various positions including Senior Deputy Manager of the Planning and Finance Department, Senior Manager, Assistant General Manager and Deputy General Manager. Currently, he also serves as Deputy General Manager in the Group Management Department of China Cinda and Director of Cinda Real Estate Co., Ltd. Mr. Ren graduated from Nankai University with a master's degree in accounting.

Mr. Shen Hongpu. Mr. Shen has been serving as Director of Cinda HK since August 2018. He is also the Director of China Jingu International Trust Co., Ltd. He joined China Cinda since 2005 and has held various positions as Acting Director at the Research and Development Department of the Financial Risk Research Centre from June 2008 to May 2009, Senior Deputy General Manager and Director of the Financial Risk Research Centre from May 2009 to June 2012, Senior Management, Director of the First Group and Chief of the Strategic Development Department from June 2012 to February 2016. Currently, he serves as the Deputy General Manager in the Fund Market Department of China Cinda. Mr. Shen received his bachelor's degree of Economics from Beijing Normal University and doctor's degree of Economics from Nankai University.

Ms. Wang Jianli. Ms. Wang has been serving as Director of Cinda HK since November 2022. Prior to joining China Cinda in October 2017, Ms. Wang served as a Financial Industry Audit Manager at Deloitte Touché Tohmatsu (Special General Partnership) Beijing Branch. Currently, she also serves as Director of the Accounting Management Office in the Planning and Finance Department of China Cinda. Ms. Wang graduated from the University of International Business and Economics.

Senior Management

The senior management is responsible for the daily management of the Group's business operation. The following table sets forth information regarding Cinda HK's senior management:

Name	Position
Liang Senlin	Chairman
Huang Qiang	General Manager
Chen Zhiwei	Deputy General Manager
Tang Lunfei	Chief Risk & Compliance Officer
Liu Mingxin	Deputy General Manager
Ma Wanming	Deputy General Manager
Zhang Yanshuai	Assistant General Manager
Wang Xin	Assistant General Manager

Mr. Liang Senlin. Please see "*Board of Directors and Senior Management – Biographies of Directors and Senior Management – Directors – Mr. Liang Senlin*".

Mr. Huang Qiang. Please see "*Board of Directors and Senior Management – Biographies of Directors and Senior Management – Directors – Mr. Huang Qiang*".

Mr. Chen Zhiwei. Mr. Chen has been the Deputy General Manager of Cinda HK since May 2020. He joined Cinda HK in 2010 and had served as Manager, Senior Deputy Manager, Senior Manager and Investment Director of Cinda HK's Investment Business Department. Mr. Chen graduated from the National University of Singapore with a master's degree in Real Estate Finance in 2007.

Mr. Tang Lunfei. Mr. Tang has been the Chief Risk & Compliance Officer of Cinda HK since June 2019. He joined China Cinda in 2003 and has served as Business Manager and Manager for its Chengdu Office from 2003 to 2007. He then served as the Manager of the Investment Management Department and Investment Banking Department of Cinda Securities Co., Ltd. from 2007 to 2013. From 2013 to 2019, he served as Director and Full-time Approver in the Finance and Investment Business Department, Asset Management Department and Business Evaluation Department of China Cinda. Mr. Tang graduated from the School of Economics, Sichuan University in 2003 with a master's degree in National Economics.

Mr. Liu Mingxin. Mr. Liu has been the Deputy General Manager of Cinda HK since June 2021. He worked at China Construction Bank Heilongjiang Branch from October 1989 to July 1999. He joined China Cinda in July 1999 and worked at Harbin Branch from July 1999 to July 2007, he then worked for the CEO Office from July 2007 to March 2009. After that he worked for Cinda P&C (renamed Guoren P&C in 2018) from 2009 to 2021 for about 12 years. Mr. Liu graduated from Heilongjiang University with a bachelor's degree in Computer Science and obtained an MBA from Dongbei University of Finance and Economics.

Mr. Ma Wanming. Mr. Ma has been the Deputy General Manager of Cinda HK since March 2023. He worked at Daxin Accounting Firm Co., Ltd. as an accountant from 2000 to 2004. He joined China Cinda in 2006 and worked for the Finance Department of its Beijing Branch from 2006 to 2019. He then served as an Assistant General Manager at the Ningxia subsidiary of China Cinda. Mr. Ma graduated from Beijing Forestry University with a master's degree in accounting.

Mr. Zhang Yanshuai. Mr. Zhang has been the Assistant General Manager of Cinda HK since September 2022. He worked at the China Development Bank from 2007 to 2016, after which he joined the Risk Management Department of China Development Bank Financial Leasing Co., Ltd. (國銀金融租賃股份有限公司) as Deputy General Manager. Since joining Cinda HK in March 2016 as an Executive Director of the Structured Finance Department, he has worked as the Chairman of the Structured Finance Department from 2018 to 2022, and also General Manager for Cinda HK's Eastern China Business Department since 2022. Mr. Zhang graduated from the University of Hong Kong with a master's degree in civil engineering.

Mr. Wang Xin. Mr. Wang has been the Assistant General Manager of Cinda HK since September 2022. From 2010 to 2014, he worked at the Finance and Investment Department, the Transactions Department, the Structured Finance Department and the Equity Investment Department of China Cinda. He joined Cinda HK in 2014 as an Executive Director of its Capital Markets Department. From 2016 to 2022, he served as the Senior Manager of the General Business Department of Cinda HK, the Chairman of its Special Opportunity Investment Department and also the Executive General Manager of Huajian International. Mr. Wang graduated from the University of Illinois with a master's degree in business administration.

FORM OF PRICING SUPPLEMENT

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

UK MiFIR product governance/Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties 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**") 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 (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 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. 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 Recommendation on Investment Products].[3]

[**Paragraph 21 of the Hong Kong SFC Code of Conduct** – As paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission applies to this offering of Notes, prospective investors should refer to the section on "*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*" appearing on pages [●] to [●] of the Offering Circular (as defined below), and CMIs (as defined in the Offering Circular) should refer to the section on "*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)*" appearing on pages [●] to [●] of the Offering Circular.]

Pricing Supplement dated [●]

China Cinda (2020) I Management Limited (the "Issuer")

Issue of [Aggregate Nominal Amount of Series] [Title of Notes] (the "Notes")
under the U.S.$5,000,000,000 Medium Term Note Programme (the "Programme")
unconditionally and irrevocably guaranteed by
China Cinda (HK) Holdings Company Limited (the "Guarantor")

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

[*Include the below wording in brackets if the Notes are to be listed on The Stock Exchange of Hong Kong Limited.*]

[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) ("**Professional Investors**") only.

The Stock Exchange of Hong Kong Limited has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme or the Notes on The Stock Exchange of Hong Kong Limited is not to be taken as an indication of the commercial merits or credit quality of the Programme, the

3 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.

Notes or the Issuer, the Guarantor, the Guarantor and its consolidated subsidiaries (the "Group") or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Notice to Hong Kong investors: The Issuer and the Guarantor confirm 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, the Issuer and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

This document, together with the 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 document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated [17 May] 2024 [and the supplemental Offering Circular dated [●]] ([collectively,] the "**Offering Circular**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented].

[*The following alternative language applies if the first issue of a Series which is being increased was issued under 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 [17 May] 2024. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [17 May] 2024 [and the supplemental Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated [17 May] 2024 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	Issuer:		China Cinda (2020) I Management Limited
2	(a)	Status of the Notes:	Senior
	(b)	Guarantee:	Guaranteed by China Cinda (HK) Holdings Company Limited
3	[(a)]	Series Number:	[●]
	[(b)	Tranche]:	[●]
4	Specified Currency or Currencies:		[●]
5	Aggregate Nominal Amount:		[●]

6	[(a)]	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
	[(b)]	[Net/Gross] Proceeds:	[●] (*Required only for listed issues*)]
7	(a)	Specified Denominations:	[●]
	(b)	Calculation Amount:	[●]
8	(a)	Issue Date:	[●]
	(b)	Interest Commencement Date:	[*Specify*/Issue Date/Not Applicable]
9	Maturity Date:		[*specify date or (for Floating Rate Notes) Interest Payment Date falling on or nearest to the relevant month and year*][4]
10	(a)	Interest Basis:	[[●] per cent. Fixed Rate, [●] per cent. per annum] [Floating Rate, [specify reference rate] +1- [●] per cent.] [Zero Coupon] [Other (specify)] (further particulars specified below)
	(b)	Default Rate:	[[●] (*specify*)/None]
11	Redemption/Payment Basis:		[Redemption at par] [Partly Paid] [Installment] [Other (specify)]
12	Change of Interest or Redemption/Payment Basis:		[*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
13	Put/Call Options:		[Investor Put] [Issuer Call] [(further particulars specified below)]
14	NDRC Registration/Confirmation:		[*Insert registration certificate date*]
15	Listing:		[[●] (*specify*)/None]
16	Place of Payment:		[*Specify*]
17	Method of distribution:		[Syndicated/Non-syndicated]
18	Private Bank Rebate/Commission		[Applicable/Not Applicable]

4 Note that for 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.

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

19	Fixed Rate Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrears]
(b)	Interest Payment Date(s):	[●] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Center(s) for the definition of "Business Day"*]/not adjusted][5]
(c)	Fixed Coupon Amount[(s)]:	[●] per Calculation Amount[6]
(d)	Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
(e)	Day Count Fraction:	[30/30E/360/Actual/Actual (ICMA/ISDA)/other]
(f)	[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. only relevant where Day Count Fraction is Actual/Actual (ICMA))*]
(g)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/give details]
20	Floating Rate Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph*.)
(a)	Interest Period(s):	[●]
(b)	Specified Interest Payment Dates:	[●]
(c)	Interest Period Date:	[●] (*Not applicable unless different from Interest Payment Date*.)

5 Note that for certain Hong Kong dollar and Renminbi denominated Fixed Rate Notes the Interest Payment Dates are subject to modification and the following words should be added: "provided that if any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day. For these purposes, "Business Day" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and currency deposits) in Hong Kong and [●]."

6 For Hong Kong dollar and Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following wording is appropriate: "Each Fixed Coupon Amount shall be calculated by applying the Rate of Interest to each Calculation Amount, multiplying such sum by the actual number of days in the Accrual Period (as defined in Condition 6(a)(i)) divided by 365 and rounding the resultant figure to the nearest [HK$0.01 or RMB0.01, HK$0.005 or RMB0.005] being rounded upwards."

(d)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
(e)	Business Center(s):	[●]
(f)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (*give details*)]
(g)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s)):	[China Construction Bank (Asia) Corporation Limited/[●]]
(h)	Screen Rate Determination:	
	• Reference Rate:	[●]
	• Interest Determination Date(s):	[●]
	• Relevant Screen Page:	[●]
(i)	ISDA Determination:	
	• Floating Rate Option:	[●]
	• Designated Maturity:	[●]
	• Reset Date:	[●]
(j)	Margin(s):	[+/-][●] per cent. per annum
(k)	Minimum Rate of Interest:	[●] per cent. per annum
(l)	Maximum Rate of Interest:	[●] per cent. per annum
(m)	Day Count Fraction:	[●]
(n)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]
21	Zero Coupon Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Amortisation Yield:	[●] per cent. per annum
(b)	Any other formula/basis of determining amount payable:	[●]
22	Index-Linked Interest Note Provisions[7]	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)

7 If an index underlying an Index-Linked Notes includes US components, those Notes could potentially be subject to US withholding tax under Section 871(m) of the Internal Revenue Code, and further analysis will be required to determine whether an exemption from US withholding tax applies.

	(a)	Index/Formula:	[give or annex details]
	(b)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Agent]):	[●]
	(c)	Provisions for determining Rate of Interest and/or Interest Amount where calculation by reference to Index and/or Formula is impossible or impracticable or otherwise disrupted:	[●]
	(d)	Interest Periods:	[●]
	(e)	Specified Interest Payment Dates:	[●]
	(f)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
	(g)	Business Center(s):	[●]
	(h)	Minimum Rate of Interest:	[●] per cent. per annum
	(i)	Maximum Rate of Interest:	[●] per cent. per annum
	(j)	Day Count Fraction:	[●]
23		Dual Currency Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Rate of Exchange/method of calculating Rate of Exchange:	[*give details*]
	(b)	Party, if any, responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]):	[●]
	(c)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[●]
	(d)	Person at whose option Specified Currency(ies) is/are payable:	[●]
24		Default Rate	[[●] per cent. per annum/Not Applicable]

PROVISIONS RELATING TO REDEMPTION

25		Call Option	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount(s) of each Note and specified denomination method, if any, of calculation of such amount(s):	[●]

	(c)	If redeemable in part:	[●] per Calculation Amount
		(i) Minimum Redemption Amount:	[●] per Calculation Amount
		(ii) Maximum Redemption Amount:	[●] per Calculation Amount
	(d)	Notice period:	[●]
26.		Put Option	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(c)	Notice period:	[●]
27		Final Redemption Amount of each Note	[●] per Calculation Amount
28.		Early Redemption Amount	
		Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	[●] per Calculation Amount
29.		Other Redemption/Repurchase Events	Condition 6(c) (Redemption for Taxation Reasons) and Condition 6(f) (Repurchase for Change of Control Triggering Event) are applicable [and [●] (*give details*)]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

30	(a)	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] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] (not to be used when the D Rules apply, in which case the Notes must initially be represented by a Temporary Global Note)

			(N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 7 includes language substantially to the following effect: "EUR100,000 and integral multiples of EUR1,000 in excess thereof up to and including EUR199,000". In addition, the "limited circumstances specified in the Permanent Global Note" option may have to be amended to permit such Specified Denomination construction. Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)
			[Registered Notes]
	(b)	Applicable TEFRA exemption:	[C Rules/D Rules/Not Applicable ("Not Applicable" may only be used in the case of Bearer Notes with a maturity of one year or less (taking into account any unilateral extension or rollover rights) or Registered Notes)]
31		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]
32		Financial Center(s) or other special provisions relating to Payment Dates:	[*Note that this paragraph relates to the Payment Date and Place of Payment, and not interest period end dates, to which sub paragraphs [20(e) and 22(g) relate*]
33		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 (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details*]
34		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 (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details*]
35		Redenomination, Renominalisation and Reconventioning:	[Not Applicable/The provisions [annexed to this Pricing Supplement] apply]
36		Consolidation provisions:	[Not Applicable/The provisions [In Condition [●]]

37		Use of Proceeds:	[Not Applicable/*give details*]
38		Other terms or special conditions:	[Not Applicable/*give details*]

DISTRIBUTION

39	(a)	If syndicated, names of Managers:	[Not Applicable/*give names*]
	(b)	Stabilising Manager (if any):	[Not Applicable/*give names*]
40		If non-syndicated, name of Dealer:	[Not Applicable/*give names*]
41		U.S. selling restrictions:	[Regulation S, Category 2/Regulation S, Category 1 (but no initial distribution to U.S. persons)]
42		Additional selling restrictions:	[Not Applicable/*give details*]
43		Singapore Sales to Institutional Investors and Accredited Investors only:	[Applicable/Not Applicable]
44		Interests of [Managers] [Dealers] involved in the issue/offer:	[Give details.]

OPERATIONAL INFORMATION

45		ISIN Code[/CMU Instrument Code]:	[●]
46		Common Code:	[●]
47		LEI Code of Issuer:	549300ZIBIB6Z9RSNU64
48		Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
49		Delivery:	Delivery [against/free of] payment
50		Additional Paying Agent(s) (if any):	[●]
51		Additional Registrar (if any):	[●]
52		Ratings:	The Notes to be issued have been rated: [[●]:[●]] [[●]:[●]]

HONG KONG SFC CODE OF CONDUCT

53	(a)	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]
	(b)	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]
	(c)	Marketing and Investor Targeting Strategy	[*As indicated in the Offering Circular*] OR [*Give details if different from the programme Offering Circular*]

[**PURPOSE OF PRICING SUPPLEMENT**

This Pricing Supplement comprises the final terms required for listing on The Stock Exchange of Hong Kong Limited of the Notes described herein pursuant to the U.S.$5,000,000,000 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 **China Cinda (2020) I Management Limited**

By:______________________________________

Duly Authorised

Signed on behalf of **China Cinda (HK) Holdings Limited Company**

By:______________________________________

Duly Authorised

CLEARANCE AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream or CMU Service currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, the Dealers or the Joint Arrangers takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer nor any other party to the Trust Deed will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.

The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.

THE CLEARING SYSTEMS

Euroclear and Clearstream

Euroclear and Clearstream each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream will be credited, to the extent received by the Issuing and Paying Agent, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

CMU

The CMU Service is a central depositary service provided by the Central Moneymarkets Unit of the HKMA for the safe custody and electronic trading between the members of this service ("**CMU Members**") of capital markets instruments ("**CMU Instruments**") which are specified in the CMU Reference Manual as capable of being held within the CMU Service.

The CMU Service is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the services is open to all members of the Hong Kong Capital Markets Association, "authorized institutions" under the Banking Ordinance (Cap. 155 of the Laws of Hong Kong) and other domestic and overseas financial institutions at the discretion of the HKMA.

Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU Service is limited. In particular (and unlike the European clearing systems), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU Members of payments (of interest or principal) under, or notices pursuant to the notice provisions of, the CMU Instruments. Instead, the HKMA advises the lodging CMU Member (or a designated paying agent) of the identities of the CMU Members to whose accounts payments in respect of the relevant CMU Instruments are credited, whereupon the lodging CMU Member (or the designated paying agent) will make the necessary payments of interest or principal or send notices directly to the relevant CMU Members. Similarly, the HKMA will not obtain certificates of non-U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging and Paying Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor holding an interest in the Instruments through an account with either Euroclear or Clearstream will hold that interest through the respective accounts which Euroclear and Clearstream each have with the CMU Service.

BOOK-ENTRY OWNERSHIP

Bearer Notes

The Issuer may make applications to Euroclear and Clearstream for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The Issuer may also apply to have Bearer Notes accepted through the CMU Service. In respect of Bearer Notes, a Temporary Global Note and/or a Permanent Global Note will be deposited with a common depositary for Euroclear and Clearstream or a sub-custodian for the CMU Service. Transfers of interests in a Temporary Global Note or a Permanent Global Note will be made in accordance with the normal market debt securities operating procedures of the Euroclear, Clearstream or as the case may be, the CMU Service.

Registered Notes

The Issuer may make applications to Euroclear and Clearstream for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Registered Global Security. Each Registered Global Security will have an International Securities Identification Number ("**ISIN**") and a Common Code. Investors in Notes of such Series may hold their interests in a Registered Global Security through Euroclear or Clearstream. Registered Global Notes may also be deposited with a sub-custodian for the HKMA as operator of the CMU Service.

Each Registered Global Security will be subject to restrictions on transfer contained in a legend appearing on the front of such Registered Global Security, as set out under "*Subscription and Sale*".

All Registered Notes will initially be in the form of a Registered Global Security. Certificated securities will be available, in the case of Notes initially represented by a Registered Global Security, in amounts specified in the applicable Pricing Supplement.

SUBSCRIPTION AND SALE

SUMMARY OF DEALER AGREEMENT

Subject to the terms and conditions contained in a dealer agreement dated 7 January 2021 (as amended and supplemented by the first supplemental dealer agreement dated 21 January 2022, the second supplemental dealer agreement dated 28 July 2023 and the third supplemental dealer agreement dated 17 May 2024, and as further amended, restated and/or supplemented from time to time, the "**Dealer Agreement**"), between the Issuer, the Guarantor, the Dealers and the Joint Arrangers, the Notes may be offered on a continuous basis by the Issuer to the Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer(s). The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Notes will be issued on a syndicated or non-syndicated basis.

The Issuer and the Guarantor will pay the relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer and the Guarantor have agreed to reimburse the Joint Arrangers for certain of its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Dealer Agreement provides that the obligations of the Dealers to purchase the Notes are subject to certain conditions, including, among others, the receipt by the Dealers of documentation related to the issuance and settlement of the Notes, officer's certificates and legal opinions.

The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer and the Guarantor.

The Issuer and the Guarantor have agreed, jointly and severally, to indemnify, defend and hold harmless each of the relevant Dealer(s), each of their respective subsidiaries and affiliates and certain other persons against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the relevant Dealer(s) may be required to make in respect of those liabilities.

Each Series or Tranche of Notes is a new issue of securities with no established trading market. Any one or more of the Dealers may make a market in the Notes but are not obliged to do so and may discontinue any market-marking, if commenced, at any time without notice. No assurance can be given as to the liquidity of the trading markets for the Notes.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the Dealers or their affiliates is a licensed broker or dealer in that Jurisdiction, the offering shall be deemed to be made by the relevant Dealer or its affiliate on behalf of the Issuer in such jurisdiction.

STABILISATION

In connection with the issue of Notes in any Series or Tranche under the Programme, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or any person(s) acting for it (the "**Stabilisation Manager(s)**") in the applicable Pricing Supplement may, to the extent permitted by applicable laws and directives, over-allot Notes or effect transactions with a view to supporting the market price of the Notes in such a Series at a level higher than that which might otherwise prevail, but in so doing, the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager shall act as principal and not as agent of the Issuer or the Guarantor. However, there is no assurance that the Stabilisation Manager (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Dealers.

OTHER RELATIONSHIPS

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

In connection with the offering of the Notes, the Dealers and the Joint Arrangers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor, may act as investors and place orders, receive allocations and trade the Notes for their own account and such orders, allocations or trade of the Notes may be material. Such entities may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantor, and therefore, they may offer or sell the Notes or other securities otherwise than in connection with the offering of the Notes. Accordingly, references herein to the offering of the Notes should be read as including any offering of the Notes to the Dealers and the Joint Arrangers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Notes may be impacted.

Furthermore, it is possible that a significant portion of the Notes may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Notes may be constrained. The Issuer, the Guarantor and the Dealers and the Joint Arrangers are under no obligation to disclose the extent of the distribution of the Notes amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

In the ordinary course of their various business activities, the Dealers and the Joint Arrangers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer, the Guarantor, China Cinda, any other member of the Cinda Group or their respective affiliates, including the Notes, which may be of a substantial amount, and could adversely affect the trading price and liquidity of the Notes. The Dealers and the Joint Arrangers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Notes or other financial instruments of the Issuer or the Guarantor and may recommend to their clients that they acquire long and/or short positions in the Notes or other financial instruments of the Issuer or the Guarantor.

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 includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language or any UK MiFIR product governance language set out elsewhere in this Offering Circular and/or the applicable Pricing Supplement.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the relevant Notes (except for omnibus orders where underlying investor information may need to be provided to any OC(s) 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 OC(s); and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OC(s). By submitting an order and providing such information to any OC(s), 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 OC(s) 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 Dealer with such evidence within the timeline requested.

SELLING RESTRICTIONS

The Notes and the Guarantee have not been and will not be registered under the laws of any jurisdiction, nor has any other action been taken, nor will any action be taken, by the Issuer, the Guarantor, the Dealers or any other person that would permit a public offering of the Notes and the Guarantee or the possession, circulation or distribution of this Offering Circular or any supplement hereto or thereto, or any other offering material relating to the Issuer, the Guarantor or the Notes, in any country or jurisdiction where action for any such purpose may be required. The offer and sale of Notes and the Guarantee, and the delivery of this Offering Circular, are restricted by law in certain jurisdictions and Notes and the Guarantee may not be offered or sold, and this Offering Circular may not be distributed, in any jurisdiction under circumstances where such offer, sale or distribution would be prohibited or restricted by law.

Without limiting the foregoing, prospective purchasers of Notes should be aware of the following restrictions:

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

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. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

In the case of a Regulation S Category 1 offering (but no initial distribution to U.S. persons), each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, sell or, in the case of Bearer Notes, deliver, Notes and Guarantee constituting part of its allotment in the United States or to, or for the account or benefit of, U.S. persons 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 the case of a Regulation S Category 2 offering, each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, sell or, in the case of Bearer Notes, deliver, Notes and Guarantee (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes and Guarantee are a part only in accordance with Rule 903 of Regulation S. 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 who has subscribed for Notes of a Tranche (or in the case of a sale of a Tranche of Notes issued to or through more than one Dealer, each of such Dealers as to the Notes of such Tranche purchased by or through it or, in the case of a syndicated issue, the relevant lead manager) shall determine and certify to the Issuing and Paying Agent the completion of the distribution of the Notes of such Tranche. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that, at or prior to confirmation of sale of any Notes, 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. Terms used in the paragraphs above have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes and the Guarantee, an offer or sale of Notes and the Guarantee within the United States by any dealer (whether or not participating in the offering of such tranche of Notes and the Guarantee) may violate the registration requirements of the Securities Act.

In addition, unless the Purchase Information or the Subscription Agreement relating to one or more Tranches specifies that the applicable TEFRA exemption is either "TEFRA C" or "not applicable", each Dealer represents, warrants and agrees, in relation to each Tranche of Notes in bearer form:

(a) except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the Code)) (the TEFRA D)

    (A) it has not offered or sold, and during a 40-day restricted period shall not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person; and

    (B) it has not delivered and shall not deliver within the United States or its possessions definitive Notes in bearer form 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 Notes in bearer form are aware that such 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 the TEFRA D;

(c) if it is a United States person, it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it shall only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6);

(d) with respect to each affiliate that acquires from it Notes in bearer form for the purpose of offering or selling such Notes during the restricted period, it either (i) repeats and confirms the representations, warranties and agreements contained in paragraphs (a), (b) and (c) on behalf of such affiliate or (ii) agrees that it shall obtain from such affiliate for the benefit of the Issuer the representations, warranties and agreements contained in paragraphs (a), (b) and (c); and

(e) it has not and agrees that it will not enter into any written contract (other than a confirmation or other notice of the transaction) pursuant to which any other party to the contract (other than one of its affiliates or another Dealer) has offered or sold, or during the restricted period will offer or sell, any Notes in bearer form, except where pursuant to the contract the Dealer has obtained or will obtain from that party, for the benefit of the Issuer and the several Dealers, the representations contained in, and that party's agreement to comply with, the provisions of paragraphs (a), (b) and (c) and (d).

Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder, including TEFRA D.

In addition, to the extent that the Purchase Information or the Subscription Agreement relating to one or more Tranches of Bearer Notes specifies that the applicable TEFRA exemption is "TEFRA C", meaning U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) to set out the criteria for "foreign targeted obligations" that are exempt from the excise tax under Section 4701(b)(1)(B) of the Code, Notes in bearer form 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, warrants and agrees, that it has not offered, sold or delivered, and shall not offer, sell or deliver, directly or indirectly, Notes in bearer form 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, warrants 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 and will not otherwise involve its U.S. office in the offer or sale of Notes in bearer form. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder, including the TEFRA C and Notice 2012-20.

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.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes and the Guarantee outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes and the Guarantee, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States. Distribution of this Offering Circular by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

Hong Kong

In relation to each Series of Notes to be issued by the Issuer under the Programme, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a "structured product" as defined in the 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.

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, warrant and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, 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 any other relevant laws, regulations and ministerial guidelines of Japan.

PRC

Each Dealer has represented, warranted and agreed 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 and the Macau Special Administrative Region or Taiwan), except as permitted by the securities laws of the PRC.

Singapore

Unless the Pricing Supplement in respect of any Notes specifies "Singapore Sales to Institutional Investors and Accredited Investors only" as "Not Applicable", each Dealer acknowledges, 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 represents, warrants and agrees, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

If the Pricing Supplement in respect of any Notes specifies "Singapore Sales to Institutional Investors and Accredited Investors only" as "Not Applicable", 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, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

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

(ii) a customer within the meaning of Directive (EU) 2016/97 (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 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) No deposit-taking: in relation to any Notes having a maturity of less than one year:

(i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

(ii) it has not offered or sold and will not offer or sell any Notes other than to persons:

(A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or 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 or the Guarantor.

(b) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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, if it was not an authorised person, apply to the Issuer or the Guarantor.

(c) *General compliance*: 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.

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 the Macau Special Administrative Region of the People's Republic of China (Macau), or any document relating to the Notes be distributed or circulated in Macau, except under the terms of and in compliance with the Macau Financial System Act and any other laws in Macau that may apply to the offer and sale of the Notes in Macau. The Notes are not registered or otherwise authorised for public offer under the Financial System Act of Macau, thus may not be offered or sold in Macau, unless such offer is made by Macau licensed entities according to the Macau Financial System Act and upon their communication to the Macau Monetary Authority, in observation of the guidelines and recommendations issued by the Macau local regulatory authority from time to time.

Taiwan

Each Dealer has represented and agreed 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 as defined under Article 4 of the Financial Consumer Protection Act, unless otherwise permitted by the laws and regulations of Taiwan.

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 the relevant Pricing Supplement shall be distributed to, or received by, any person in the British Virgin Islands if the distribution of such document to, or receipt of any of such document by, that person shall constitute a public offer within the meaning of the SIBA.

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.

TAXATION

The following summary of certain BVI, PRC and Hong Kong tax consequences of the purchase, ownership and disposition of Notes is based upon applicable laws, rules and regulations in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This summary 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 holder of the Notes or any person 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 Notes should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of the Notes.

BRITISH VIRGIN ISLANDS

Income Tax

As at the date of this Offering Circular, the Issuer is exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands, including with respect to all interest, premium (if any), and principal paid by the Issuer to persons who are not persons resident in 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 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).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

In 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 1 August 2021, if stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.26 per cent. (of which 0.13 per cent. is payable by the seller and 0.13 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 and disposition of the Notes by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-resident Noteholders in this "Taxation – PRC" section. In considering whether to invest in the Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction. Reference is made to PRC taxes from the taxable year beginning on or after 1 January 2008.

As described under "*Risk Factors – Risks Relating to the PRC and Hong Kong – Under the Enterprise Income Tax Law, Cinda HK or the Issuer may be classified as a 'resident enterprise' of the PRC. Such classification could result in unfavourable tax consequences to Cinda HK, the Issuer and non-PRC Noteholders*", there is a risk that the Issuer or the Guarantor may be treated as a resident enterprise for PRC tax purposes. If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "de facto management bodies" of the Issuer or the Guarantor (as applicable) are within the territory of the PRC, the Issuer or the Guarantor (as applicable) may be treated as a PRC tax resident enterprise for the purpose of the Enterprise Income Tax Law ("**EIT Law**") and may be subject to enterprise income tax at the rate of 25 per cent. in respect of its income sourced from both within and outside PRC.

Moreover, 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 non-resident enterprises 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 the PRC. If the Issuer or the Guarantor (as applicable) is deemed a PRC resident enterprise for tax purposes, interest and/or payments under the Notes to non-PRC resident Noteholders may be regarded as PRC-sourced and therefore may be subject to PRC withholding tax at a rate of 10% for enterprise Noteholders. Under the Individual Income Tax Law and the implementation regulations thereunder, if the Issuer or the Guarantor (as applicable) is deemed a PRC resident enterprise for tax purposes, interest payable to non-PRC resident individual Noteholders may be treated as income derived from sources within the PRC and be subject to a 20 per cent. individual income tax which the Issuer or the Guarantor (as applicable) would be obliged to withhold from payments of interests to non-PRC resident individual Noteholders. 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.

Under the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) which was promulgated on 21 August 2006 (the "**Tax Arrangement**") for the purpose of the avoidance of double taxation and relevant interpretation of the Tax Arrangement formulated by the State Administration of Taxation of the PRC, the tax charged on PRC-source interest income paid on the Notes to non-resident Noteholders who or which are residents of Hong Kong (including enterprise holders and individual holders) as defined under the Tax Arrangement is generally 7 per cent. of the gross amount of the interest. According to the Tax Arrangement, Noteholders who are Hong Kong residents, including both enterprise holders and individual holders, may be exempted from PRC income tax on capital gains derived from a sale or exchange of the Notes.

In addition, pursuant to Circular 36 which took effect on 1 May 2016 and respectively amended on 1 July 2017 and 1 April 2019, entities and individuals providing services within the PRC are subject to VAT. The services are treated as being sold within the PRC where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. Circular 36 further clarifies that "loans" refer to the activity of lending capital for another's use and receiving interest income thereon. Based on the interpretation of "loans" under Circular 36, the issuance of the Notes may be treated as a "loan" provided by the Noteholders to the Issuer or the Guarantor, which thus may be regarded as financial services for VAT purposes. In general, the income derived from the provision of loans will not be subject to VAT in the PRC if none of the Issuer, the Guarantor or the Noteholders is within the PRC. However, it is uncertain whether a foreign incorporated company which is deemed to be a PRC resident enterprise would be regarded as being within the PRC. In the event that the Issuer or the Guarantor is deemed to be a PRC resident enterprise and is deemed to be within the PRC by the PRC tax authorities, the Noteholders may be deemed to be providing financial services to the Issuer or the Guarantor within the PRC and consequently, the amount of interest on the Notes payable by the Issuer or the Guarantor (as applicable) to any non-resident Noteholders may be subject to withholding VAT at the rate of 6 per cent.

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, theoretically Circular 36 does not apply and neither the Issuer nor the Guarantor has the obligation to withhold the VAT. However, there is uncertainty as to the applicability of VAT if either the seller or buyer of Notes is located inside the PRC.

The interpretation and enforcement of Circular 36 and other applicable laws and regulations pertaining to PRC VAT involve uncertainties, and the above statements may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

Pursuant to the Enterprise Income Tax Law, the PRC Individual Income Tax Law and the VAT reform detailed above, if the Issuer or the Guarantor is regarded as a PRC tax resident enterprise, it shall withhold income tax (should such tax apply) from the payments of interest in respect of the Notes for any non-resident Noteholder and the Issuer or the Guarantor shall withhold VAT (should such tax apply) from the payments of interest in respect of the Notes for any Noteholder located outside of the PRC. However, in the event that the Issuer or the Guarantor is required to make such a deduction or withholding (whether by way of income tax, VAT or otherwise), the Issuer and the Guarantor have agreed to pay, subject to certain exceptions, such additional amounts as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, as further set out in the "*Terms and Conditions of the Notes*".

No PRC stamp duty will be imposed on non-resident Noteholders either upon issuance of the Notes or upon a subsequent transfer of Notes to the extent that the register of holders of the Securities is maintained outside the PRC and the issuance and the sale of the Notes is made outside of the PRC.

FATCA DISCLOSURE

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 ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as 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 1 January 2019. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

GENERAL INFORMATION

1. CONSENTS

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the performance of the Trust Deed. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the giving and performance of the Guarantee and the Trust Deed. The issue of the Notes have been authorised by written resolutions of the board of directors of the Issuer dated 17 May 2024, and resolutions of the board of directors of the Guarantor passed on 25 January 2024 and 17 May 2024.

2. LITIGATION

There are no legal or arbitration proceedings against or affecting the Guarantor, any of its subsidiaries or any of its assets, nor is the Group aware of any pending or threatened proceedings, which are or might be material in the context of the issue of the Notes and the Guarantee.

3. AUDITOR

The Guarantor's consolidated financial information as at and for the years ended 31 December 2021 and 2022 as set forth in this Offering Circular is extracted from the Guarantor's consolidated financial statements as at and for the year ended 31 December 2022 which are included elsewhere in this Offering Circular and have been audited by Ernst & Young. The Guarantor's consolidated financial information as at and for the years ended 31 December 2023 as set forth in this Offering Circular is extracted from the Guarantor's consolidated financial statements as at and for the year ended 31 December 2023 which are included elsewhere in this Offering Circular and have been audited by PricewaterhouseCoopers. Prospective investors must exercise caution when using such data to evaluate the Guarantor's financial condition and results of operations. Such historical audited consolidated financial information as at and for the years ended 31 December 2021, 2022, and 2023 should not be taken as an indication of the expected future financial condition and results of operations of the Guarantor.

4. DOCUMENTS AVAILABLE

Copies of the following documents may be inspected during normal business hours (being 9:00 a.m. to 3:00 p.m. (Hong Kong time)) upon prior written notice and with satisfactory proof of holding on any weekday (except Saturdays, Sundays and public holidays) at the specified office of the Trustee:

(i) audited consolidated financial statements of the Guarantor for the years ended 31 December 2022 and 2023;

(ii) each Pricing Supplement (save that a Pricing Supplement relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area or in the United Kingdom (the "**UK**") nor offered in the European Economic Area or in the UK in circumstances where a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Issuing and Paying Agent as to its holding of Notes and identity);

(iii) a copy of this Offering Circular together with any supplement to this Offering Circular;

(iv) the Trust Deed; and

(v) the Agency Agreement.

So long as any of the Notes remain outstanding, the Issuer and the Guarantor have covenanted in the Trust Deed to send to the Trustee, within the time limits stipulated therein, copies of:

(i) the Guarantor's audited consolidated financial statements for each financial year of the Guarantor; and

(ii) the Guarantor's unaudited consolidated financial statements for each first semi-annual fiscal period of the Guarantor.

5. CLEARING SYSTEM AND SETTLEMENT

The Notes may be accepted for clearance through Euroclear, Clearstream or other alternative clearing system. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Series will be specified in the relevant Pricing Supplement. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

6. LISTING OF THE NOTES

Application has been made to the Hong Kong Stock Exchange for the listing of the Programme by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular. It is expected that dealings will, if permission is granted to deal in and for the listing of such Notes, commence on or about the date of listing of the relevant Notes. The Hong Kong Stock Exchange has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. 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 or the Guarantor or the Group or quality of disclosure in this Offering Circular.

7. NO MATERIAL ADVERSE CHANGE

Except as disclosed elsewhere in this Offering Circular, there has been no material adverse change in the financial or trading position or prospects of the Guarantor or the Group since 31 December 2023.

INDEX TO CONSOLIDATED FINANCIAL INFORMATION

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GUARANTOR FOR THE YEAR ENDED 31 DECEMBER 2023

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GUARANTOR FOR THE YEAR ENDED 31 DECEMBER 2022

Note: The audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2023 and 2022 together with the independent auditor's reports set out herein are reproduced from the Guarantor's consolidated financial statements as at and for the years ended 31 December 2023 and 2022, respectively. Page references are references to pages set out in such consolidated financial statements. These independent auditor's reports and the financial statements of the Guarantor have not been specifically prepared for inclusion in this Offering Circular.

Report of the Directors and Financial Statements

CHINA CINDA (HK) HOLDINGS COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

FOR THE YEAR ENDED 31 DECEMBER 2023

CHINA CINDA (HK) HOLDINGS COMPANY LIMITED

CONTENTS

CHINA CINDA (HK) HOLDINGS COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited consolidated financial statements of China Cinda (HK) Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023.

Principal activity

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in note 51 to the consolidated financial statements. There were no significant changes in the nature of the Company's and its subsidiaries' principal activities during the year.

Results

The results of the Group for the year ended 31 December 2023 and the state of the Group's financial position as at that date are set out in the consolidated financial statements on pages 7 to 151.

Charitable contributions

During the year, the Group made charitable contribution totaling HK$3,040,610 (2022: HK$2,509,883).

Share capital

Details of movements of share capital of the Company during the year are set out in note 44 to the consolidated financial statements.

Directors

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

Liang Senlin
Huang Qiang
Shen Hongpu
Ren Li
Wang Jianli

The persons who were directors of the subsidiaries of the Company during the year (not including those directors listed above) and up to the date of this report were:

Cao Yabing
Cheng Kinkong
Peng Gang
Ku Ka Lee
Li Sha[1]
Tang Lunfei
Yang Yingxun
Zhang Yanshuai
Chan Sal Ming[2]

Chiu Lai Kuen, Susanna
Gong Yunfan
Lan Hong Tsung, David
Li Shu Pui
Yiu Kwai Chu
Zhou Lu
Chen YuQuan
Chong Un Fong[3]
Huang Limei[4]

Lau Mun Chung[5]
Liang Senlin
Shao Qi
Wu Jun
Zhang Qin
Zhang Xunyuan[6]
Chen Zhiwei
Lau Hon Chuen
Liu Jun

Daniel Marc Richard Jaffe[7]
Sun Jiandong
Xing Xiaoyu
Zhang Weidong
Ma Wanming[8]
Meng Dewei

Directors (continued)

1 resigned effective from 31 January 2023
2 resigned effective from 1 February 2023
3 resigned effective from 31 January 2023
4 resigned effective from 1 February 2023
5 resigned effective from 13 March 2023
6 appointed effective from 13 March 2023
7 resigned effective from 31 January 2023
8 appointed effective from 4 April 2023

There being no provision in the Company's articles of association for retirement by rotation, all existing directors continue in office.

Directors' interests in contracts

No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company or any of the Company's holding company, subsidiaries or fellow subsidiaries was a party during the year.

Directors' interests in equity or debt securities

At no time during the year was the Company or any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Permitted indemnity provision

The Company's bye-laws provides that the directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty in their offices, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any directors. A Directors' Liability Insurance is in place to protect the directors against potential costs and liabilities arising from claims brought against the directors.

Events after the reporting period

Details of the significant events of the Group after the reporting period are set out in note 54 to the consolidated financial statements.

Auditors

The financial statements of the Group for the year ended 31 December 2023 have been audited by PricewaterhouseCoopers.

ON BEHALF OF THE BOARD

....
Liang Senlin
Director

Hong Kong
10 May 2024

pwc

羅兵咸永道

Independent Auditor's Report

To the Members of China Cinda (HK) Holdings Company Limited
(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of China Cinda (HK) Holdings Company Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 7 to 151, comprise:

- the consolidated statement of financial position as at 31 December 2023;
- 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, comprising material accounting policy information 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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("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.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

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 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.

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.
- 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 the directors 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, 10 May 2024

CHINA CINDA (HK) HOLDINGS COMPANY LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
YEAR ENDED 31 DECEMBER 2023

	Notes	2023 HK$'000	2022 HK$'000
Interest income	6	17,246,925	11,903,503
Net gains on financial assets at fair value through profit or loss	7	4,205,277	603,429
Investment income	8	5,257,693	3,351,357
Revenue from sales of inventories	9	550,551	-
Commission and fee income	10	1,491,498	1,397,821
Other income and gains, net	11	188,395	679,954
		28,940,339	17,936,064
Interest expense	12	(19,959,007)	(13,075,366)
Purchase and changes in inventories	9	(593,802)	-
Commission and fee expense		(148,342)	(176,461)
Other operating expenses	13	(4,341,753)	(4,533,141)
Credit impairment losses	14	(3,074,698)	(2,174,889)
Asset impairment losses	15	(963,778)	(338,896)
		(29,081,380)	(20,298,753)
LOSS BEFORE SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES, AND TAX		(141,041)	(2,362,689)
Share of results of associates and joint ventures		818,493	2,719,215
PROFIT BEFORE TAX		677,452	356,526
Income tax expense	16	(452,170)	(630,444)
PROFIT/(LOSS) FOR THE YEAR		225,282	(273,918)
Attributable to:			
Equity holders of the Company		(128,077)	(723,631)
Other equity instruments issued by a subsidiary		417,507	401,215
Non-controlling interests		(64,148)	48,498
		225,282	(273,918)

CHINA CINDA (HK) HOLDINGS COMPANY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2023

	2023 HK$'000	2022 HK$'000
PROFIT/(LOSS) FOR THE YEAR	225,282	(273,918)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		
Items that will not be reclassified subsequently to profit or loss:		
Revaluation of property, plant and equipment, net of tax	(269,357)	10,161
Net losses arising from fair value changes of equity instruments classified as financial assets at fair value through other comprehensive income, net of tax	3,762	(29,082)
Actuarial gain on remeasurement, net of tax	13,197	-
	(252,398)	(18,921)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(250,331)	(2,965,868)
Change in fair value of hedging instruments under net investment hedges	41,769	-
Reclassification of translation reserve arising from a partial disposal of a foreign-operation associate	-	137,454
Reclassification of investment revaluation reserve arising from partial disposal of a foreign-operation associate	-	(55,814)
Net gain/(loss) arising from fair value changes of debt instruments classified as financial assets at fair value through other comprehensive income, net of tax	1,140,987	(1,681,943)
Reclassification of investment revaluation reserve arising from impairment on financial assets at fair value through other comprehensive income	(150,040)	176,908
Reclassification of investment revaluation reserve arising from disposal of financial assets at fair value through other comprehensive income	(277,614)	(252,598)
Share of associates' investment revaluation reserves	(10,026)	(35,950)
	494,745	(4,677,811)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	242,347	(4,696,732)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	467,629	(4,970,650)
Total comprehensive income attributable to:		
Equity holders of the Company	133,839	(5,402,238)
Other equity instruments issued by a subsidiary	417,507	401,215
Non-controlling interests	(83,717)	30,373
	467,629	(4,970,650)

CHINA CINDA (HK) HOLDINGS COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2023

	Notes	31 December 2023 HK$'000	31 December 2022 HK$'000
ASSETS			
Cash and balances with central banks	18	16,755,556	18,609,580
Deposits with banks and financial institutions	19	20,263,307	20,360,414
Placements with banks and financial institutions	20	24,782,219	38,538,179
Financial investments	21	234,040,187	211,670,138
Trade receivables	23	250,721	273,913
Loans and advances to customers	24	303,112,432	304,442,703
Loans granted under repurchase agreements	25	2,799,097	4,566,364
Interests in associates and joint ventures	26	9,001,723	9,931,186
Investment properties	27	2,896,711	3,065,669
Property, plant and equipment, and right-of-use assets	28	11,445,014	11,480,121
Properties held for sale	29	12,745,039	-
Intangible assets	30	4,199,735	4,194,698
Goodwill	31	25,143,787	25,851,817
Deferred tax assets	32	840,258	749,746
Other assets	33	6,887,375	6,790,078
Total assets		675,163,161	660,524,606
LIABILITIES			
Bank and other borrowings	34	51,065,022	36,873,913
Placements from banks and financial institutions	35	11,698,900	7,708,871
Financial liabilities at fair value through profit or loss	36	8,929,403	11,718,864
Financial assets sold under repurchase agreements	37	22,260,561	34,234,558
Accounts payable	38	357,890	623,826
Tax payable	39	1,007,102	516,734
Bonds issued	40	118,760,824	133,081,281
Due to customers	41	397,471,216	379,007,877
Deposits from banks and financial institutions	42	19,484,625	16,325,086
Deferred tax liabilities	32	1,503,150	1,377,142
Other liabilities	43	5,373,383	4,199,585
Total liabilities		637,912,076	625,667,737

CHINA CINDA (HK) HOLDINGS COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 DECEMBER 2023

	Notes	31 December 2023 HK$'000	31 December 2022 HK$'000
EQUITY			
Share capital	44	24,975,487	24,975,487
Retained earnings		6,069,306	6,468,976
Reserves		(1,671,149)	(2,204,658)
Equity attributable to equity holders of the Company		29,373,644	29,239,805
Other equity Instruments issued by a subsidiary	45	7,422,026	5,077,856
Non-controlling interests		455,415	539,208
Total equity		37,251,085	34,856,869
Total equity and liabilities		675,163,161	660,524,606

Approved by the Board of Directors on 10 May 2024 and signed on behalf of the Board by:

....
Liang Senlin
Director

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....
Huang Qiang
Director

CHINA CINDA (HK) HOLDINGS COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2023

	Attributable to equity holders of the Group										
	Share capital HK$'000	Retained earnings HK$'000	Property revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Translation reserve HK$'000	Statutory reserve HK$'000	Other reserve HK$'000	Total HK$'000	Other equity instrument s issued by a subsidiary HK$'000	Non-controlling Interests HK$'000	Total HK$'000
At 1 January 2023	24,975,487	6,468,976	48,714	(1,245,982)	(1,897,578)	736,614	153,574	29,239,805	5,077,856	539,208	34,856,869
Profit for the year	-	(128,077)	-	-	-	-	-	(128,077)	417,507	(64,148)	225,282
Other comprehensive income for the year	-	13,197	(269,357)	707,069	(188,993)	-	-	261,916	-	(19,569)	242,347
Total comprehensive Income for the year	-	(114,880)	(269,357)	707,069	(188,993)	-	-	133,839	417,507	(83,717)	467,629
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	(76)	(76)
Issue of other equity instruments issued by a subsidiary	-	-	-	-	-	-	-	-	2,344,170	-	2,344,170
Distribution payment for other equity Instruments issued by a subsidiary	-	-	-	-	-	-	-	-	(417,507)	-	(417,507)
Transfer from statutory reserve	-	(284,790)	-	-	-	284,790	-	-	-	-	-
At 31 December 2023	24,975,487	6,069,306	(220,643)	(538,913)	(2,086,571)	1,021,404	153,574	29,373,644	7,422,026	455,415	37,251,085

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
YEAR ENDED 31 DECEMBER 2023

	Attributable to equity holders of the Group										
	Share capital HK$'000	Retained earnings HK$'000	Property revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Translation reserve HK$'000	Statutory reserve HK$'000	Other reserve HK$'000	Total HK$'000	Other equity instruments issued by a subsidiary HK$'000	Non-controlling Interests HK$'000	Total HK$'000
At 1 January 2022	24,975,487	6,736,190	38,553	632,497	912,711	1,152,408	153,574	34,601,420	9,314,890	508,835	44,425,145
Loss for the year	-	(723,631)	-	-	-	-	-	(723,631)	401,215	48,498	(273,918)
Other comprehensive income for the year	-	-	10,161	(1,878,479)	(2,810,289)	-	-	(4,678,607)	-	(18,125)	(4,696,732)
Total comprehensive Income for the year	-	(723,631)	10,161	(1,878,479)	(2,810,289)	-	-	(5,402,238)	401,215	30,373	(4,970,650)
Actuarial gains on defined benefit plan	-	40,623	-	-	-	-	-	40,623	-	-	40,623
Issue of other equity instruments issued by a subsidiary	-	-	-	-	-	-	-	-	5,077,856	-	5,077,856
Redemption of other equity instruments issued by a subsidiary	-	-	-	-	-	-	-	-	(9,314,890)	-	(9,314,890)
Distribution payment for other equity Instruments issued by a subsidiary	-	-	-	-	-	-	-	-	(401,215)	-	(401,215)
Transfer from statutory reserve	-	415,794	-	-	-	(415,794)	-	-	-	-	-
At 31 December 2022	24,975,487	6,468,976	48,714	(1,245,982)	(1,897,578)	736,614	153,574	29,239,805	5,077,856	539,208	34,856,869

Note:

(a) Certain subsidiaries are subject to statutory requirements on statutory reserve. In accordance with statutory requirements in the People's Republic of China, other than Hong Kong (the "PRC"), subsidiaries registered in the PRC are required to transfer a certain percentage of the annual net income from retained earnings to the statutory reserve, until the statutory reserve is accumulated up to 50% of the registered capital. Under normal circumstances, the statutory reserve is not allowed to be distributed to the subsidiary's equity holders as dividends. The statutory reserve shall only be used for making good losses, capitalisation into paid-in capital and expansion of its productions and operations.

In accordance with the requirement of the Hong Kong Monetary Authority ("HKMA"), parts of the retained earnings of Nanyang Commercial Bank, Limited ("NCB") are set aside for general banking risks, including future losses or other unforeseeable risks, in addition to the loan impairment allowances recognized.

CHINA CINDA (HK) HOLDINGS COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2023

	2023 HK$'000	2022 HK$'000
OPERATING ACTIVITIES		
Profit before tax	677,452	356,526
Adjustments for:		
Net losses on disposal of property, plant and equipment	8	8,520
Depreciation of property, plant and equipment	313,875	533,999
Amortisation of right-of-use assets	260,557	270,908
Amortisation of intangible assets	320,229	311,411
Finance costs	19,959,007	13,075,366
Credit impairment losses	3,074,698	2,513,785
Asset impairment losses	963,778	-
Share of results of associates and joint ventures	(818,493)	(2,719,215)
Dividend income	(894,935)	(813,477)
Interest income from bank deposits and investments	(7,179,145)	(4,466,384)
Net gains on disposal of financial investments	(557,139)	(803,491)
Net losses on disposal of subsidiaries	-	121,937
Loss recycled from translation reserve and revaluation reserve due to a partial disposal of an associate	-	81,640
Net gains from a partial disposal of an associate	-	(109,843)
Decrease in fair value of investment properties	16,823	51,503
Operating cash flows before movements in working capital	16,136,715	8,413,185
Decrease in trade receivables	23,192	726,507
Increase in properties held for sale	-	(80)
(Increase)/Decrease in other assets	(97,297)	85,171
Decrease in loans and advances to customers	1,330,271	7,585,196
(Increase)/Decrease in financial assets at fair value through profit or loss	(11,433,125)	5,873,540
Increase in other financial investments	(23,098,527)	(15,593,049)
Decrease/(Increase) in loans granted under repurchase agreements	1,767,267	(2,618,087)
Increase/(Decrease) in placements from banks and financial institutions	3,990,029	(1,694,045)
(Decrease)/Increase in accounts payable	(265,936)	72,205
Increase/(Decrease) in other liabilities	416,086	(2,106,395)
(Decrease)/Increase in financial assets sold under repurchase agreements	(11,973,997)	25,267,012
Increase/(Decrease) in due to customers	18,463,339	(4,599,976)
(Decrease)/Increase in financial liabilities at fair value through profit or loss	(2,789,461)	2,461,626
Increase/(Decrease) in deposits from banks and financial institutions	3,159,539	(9,837,326)
Increase/(Decrease) in deposits with and placements with banks and financial institutions with a maturity over 3 months and restricted and pledged deposits	665,858	(2,467,847)
Interest received from banks and investments	7,369,727	4,451,056
Interest paid for operating activities	(12,160,431)	(7,098,317)
Dividend received from operating activities	575,531	954,151
Cash generated from operations	(7,921,220)	9,874,527
Tax paid	(270,848)	(862,796)
Net cash flows from operating activities	(8,192,068)	9,011,731

CHINA CINDA (HK) HOLDINGS COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
YEAR ENDED 31 DECEMBER 2023

	2023 HK$'000	2022 HK$'000
INVESTING ACTIVITIES		
Purchases of property, plant and equipment and investment properties	(266,609)	(1,477,486)
Proceeds from disposal of property, plant and equipment	72,196	31,117
Addition of intangible assets	(327,455)	(447,723)
Proceeds from a partial disposal of associates	414,318	1,281,010
Dividends received	985,467	1,388,859
Net cash inflows from disposal of subsidiaries	-	3,397,334
Net cash flows from investing activities	877,917	4,173,111
FINANCING ACTIVITIES		
Finance costs paid	(6,178,137)	(5,122,428)
Repayment of borrowings from the central bank	-	(12,213)
New bank and other borrowings raised	38,581,957	11,689,269
Repayment of bank and other borrowings	(27,550,129)	(15,697,244)
Receipts from bonds issued	17,477,211	45,120,508
Repayment of bonds issued	(30,865,946)	(42,467,514)
Lease payments	(278,533)	(286,747)
Issue of other equity instruments issued by a subsidiary	2,344,170	5,077,856
Redemption of other equity instruments issued by a subsidiary	-	(9,314,890)
Distribution payment for other equity instruments issued by a subsidiary	(417,507)	(401,215)
Net cash flows used in financing activities	(6,886,914)	(11,414,618)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(14,201,065)	1,770,224
Cash and cash equivalents at beginning of year	64,007,949	64,040,077
Effect of foreign exchange rate changes, net	(840,168)	(1,802,352)
CASH AND CASH EQUIVALENTS AT END OF YEAR	48,966,716	64,007,949
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances with central banks	16,755,556	18,609,580
Deposits with banks and financial institutions	20,263,307	20,360,414
Placements with banks and financial institutions	24,782,219	38,538,179
Cash and cash equivalents as stated in the consolidated statement of financial position	61,801,082	77,508,173
Restricted and pledged deposits	(9,764,532)	(7,226,531)
Deposits with banks and financial institutions with original maturity over three months	(796,565)	(1,178,349)
Placements with banks and financial institutions with original maturity over three months	(2,273,269)	(5,095,344)
Cash and cash equivalents as stated in the consolidated statement of cash flows	48,966,716	64,007,949

1 CORPORATE AND GROUP INFORMATION

China Cinda (HK) Holdings Company Limited (the "Company") is a limited liability company incorporated in Hong Kong. Its registered office and principal place of business are located at Floor 12, AIA Central, No. 1 Connaught Road Central, Central, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- investment holding;
- provision of banking and related financial services;
- provision of asset management and related financial services;
- provision of consulting and advisory business on finance and other financial services.

In the opinion of the directors, the Company's immediate and ultimate holding company is China Cinda Asset Management Co., Ltd. ("China Cinda"), a company registered in the PRC and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "HKEX").

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, except for land and buildings in property, plant and equipment, investment properties, precious metals in other assets, certain financial investments which have been measured at fair value and certain financial liabilities at fair value through profit or loss which have been measured at fair value.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(i) New and amended standards and interpretations adopted by the Group.

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

- Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2.
- Definition of Accounting Estimates – amendments to HKAS 8.
- International Tax Reform – Pillar Two Model Rules – amendments to HKAS 12.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to HKAS 12.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(i) New and amended standards and interpretations adopted by the Group. (continued)

The nature and the impact of the revised HKFRSs are described below:

Amendments to HKAS 1 and HKFRS Practice Statement 2, "Disclosure of Accounting Policies". The amendments replace the requirement for entities to disclose their significant accounting policies with a requirement to disclose their material accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments are to be applied prospectively. The application of the amendments does not have a material impact on the Group's financial statements.

Amendments to HKAS 8, "Definition of Accounting Estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are to be applied prospectively. The application of the amendments does not have a material impact on the Group's financial statements.

The amendments to HKAS 12, "International Tax Reform – Pillar Two Model Rules". The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax. The application of the amendments does not have a material impact on the Group's financial statements.

Amendments to HKAS 12, "Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The amendments narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. The application of the amendments does not have a material impact on the Group's financial statements, the details of which are described in Note 16.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(ii) New standards and interpretations not yet adopted.

Certain amendments to accounting standards and interpretation have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Company. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendment)	Non-current Liabilities with Covenants	1 January 2024
HKFRS 16 (Amendment)	Lease Liabilities in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKAS 7 and HKFRS 7 (Amendment)	Supplier finance arrangements	1 January 2024
HKAS 21 (Amendment)	Lack of Exchangeability	1 January 2025
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

2.3 MATERIAL ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and the entities (including structured entities) directly or indirectly controlled by the Company. Control is achieved if and only if the Company has all the following: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- the Group's voting and potential voting rights; and
- any additional facts and circumstances that indicate that the Company has, or does not have the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests of consolidated subsidiaries are presented separately from the Group's equity therein.

The carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income and expenses of a subsidiary is attributed to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The carrying amount of the non-controlling interests is adjusted at the non-controlling interests' proportionate share of the subsidiary's identifiable net assets. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognizes the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognizes the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognized as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments: Classification, recognition and measurement of financial assets* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures

An associate is an entity which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parities parties that have joint control of the arrangement have the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant require unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of the assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition- related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations (continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable nest assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill arising on a business combination is measured at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statements of financial position. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash- generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures its premises and investment properties, precious metals and certain financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in its principal market, or in the absence of a principal market, in the most advantageous market accessible by the Group at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 - based on valuation techniques for which the lowest level input that Is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; (If the Group is itself such a plan) and the sponsoring employers of the post-employment benefit plan;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment

Property, plant and equipment are stated at cost or fair value less accumulated depreciation and any impairment losses.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated impairment losses and subsequent accumulated depreciation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on revaluation of land and buildings is recognised in other comprehensive income and accumulated in property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case this increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is recognised in profit or loss to the extent that it exceeds the balance, if any, on the property revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Depreciation is calculated using the straight-line method to allocate cost or revalued amounts to its residual value over its estimated useful life. Assets held under finance leases are depreciated over the shorter of the lease term and their useful lives. The annual depreciation rates of each class of property, plant and equipment are as follows:

Land and buildings	2.00% - 3.33%
Machinery and equipment	10.00% - 50.00%
Electronic equipment	6.67% - 50.00%
Motor vehicles	15.83% - 20.00%
Aircrafts	3.40%

Properties in the course of construction for supply of services or administrative purposes are carried at cost, less any recognised impairment loss and borrowing cost capitalised in accordance with the Group's accounting policy. Such properties are reclassified to the appropriate category of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Aircraft are assessed for recoverability in accordance with HKAS 36 Impairment of Assets, at each reporting date or whenever events or changes in circumstances indicates that their carrying value may not be recoverable. For the purposes of measuring an impairment loss, each aircraft is tested individually by comparing its carrying amount to the higher of value in use and fair value less cost to sell.

Value in use is determined as the total cash flows expected to be generated by an aircraft, discounted at a market rate. Fair value is determined as an average of two professional valuations obtained from independent appraisers. The review for recoverability has a level of subjectivity and requires the use of judgement in the assessment of estimated future cash flows associated with the use of an aircraft and its eventual disposition. Expected future cash flows are based on all relevant information available, including the existing lease, current contracted rates for similar aircraft, residual values, economic conditions, technology, airline demand for a particular type of aircraft, appraisal data and industry trends, and assumptions about downtime between re-leasing and the amount of re-leasing costs.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Residual values of property, plant and equipment are determined based on estimated values at the end of the useful lives of aircraft assets, which are supported by estimates received from independent appraisers. Generally, the residual value of aircraft is estimated at 15% of original manufacture cost. Management may, at its discretion, make exceptions to this policy when, in its judgement, the residual value estimated pursuant to this policy does not appear to reflect current expectations of residual values.

Modifications or improvements to property, plant and equipment are normally expensed. Where such modifications or improvements materially improve the value of the asset or extend its useful life, these are capitalised and depreciated over the economic life of the asset.

Maintenance right assets

For maintenance right asset there are two types detailed below, End of Lease ("EOL") leases and Cash Maintenance ("MR") leases:

EOL Leases

Under EOL Leases, the lessee is obligated to comply with certain return conditions at redelivery which require the lessee to perform lease end maintenance work or make cash compensation payments at the end of the lease to bring the aircraft into a specified maintenance condition. Maintenance right asset in EOL Leases represent the difference in value between the contractual right to receive an aircraft in an improved maintenance condition together with EOL cash compensation as compared to the maintenance condition on the acquisition date. Maintenance right liabilities exist in EOL Leases if, on the acquisition date, the maintenance condition of the aircraft is greater than the contractual return condition in the lease and the Company is required to pay the lessee in cash for the improved maintenance condition. Maintenance right assets and liabilities, net are recorded as a separate component in property, plant and equipment on the consolidated statement of financial position.

When the Group has recorded maintenance right assets with respect to EOL Leases, the following accounting scenarios exist: (i) the aircraft is returned at lease expiry in the contractually specified maintenance condition without any cash payment to the Group by the lessee, an aircraft improvement is recorded to the extent the improvement is substantiated and deemed to meet the Group's capitalisation policy and any remaining maintenance right asset is then fully amortised, and (ii) the lessee pays the Group cash compensation at lease expiry, an aircraft improvement is recorded to the extent the improvement is substantiated and deemed to meet the Group's capitalisation policy, the maintenance right asset is then amortised and any excess is recognised as end of lease income consistent with the Group's existing policy. Any aircraft improvement will be depreciated over the remaining useful life of the aircraft. When the Group has recorded maintenance right liabilities with respect to EOL Leases, the following accounting scenarios exist: (i) the aircraft is returned at lease expiry in the contractually specified maintenance condition without any cash payment by the Group to the lessee, the maintenance right liability is amortised at lease expiry and end of lease income is recognised, and (ii) the Group pays the lessee cash compensation at lease expiry, the maintenance right liability is amortised and any difference is recognised as end of lease income.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Maintenance right assets (continued)

Cash MR Leases

Under Cash MR Leases, the lessee is required to make periodic payments to the Group for maintenance based upon usage of the aircraft. When qualifying major maintenance is performed during the lease term, the Group is required to reimburse the lessee for qualifying costs associated with such maintenance. At the end of lease, the Group is entitled to retain any cash receipts in excess of the required reimbursements to the lessee. Maintenance right asset in Cash MR Leases represent the right to receive an aircraft in an improved condition during the lease term relative to the actual condition on the acquisition date. The aircraft is improved by the performance of qualifying major maintenance paid for by the lessee who is reimbursed by the Group from the periodic maintenance payments that ii receives. Maintenance right asset, net will be recorded in property, plant and equipment on the consolidated statement of financial position.

Where the Group has recorded maintenance right assets with respect to Cash MR Leases and when the Group has reimbursed the lessee for the performance of qualifying major maintenance, the maintenance right asset is derecognised and an aircraft improvement is recorded. Under Cash MR Leases, the Group does not record a maintenance right liability because it has no obligation to make payments to the lessee, beyond reimbursement of maintenance payment liabilities or payment of lease incentive obligations, which are already recorded in the consolidated financial statements.

Accrued maintenance liabilities

Accrued maintenance liabilities received in cash from lessees are recognised as maintenance liabilities on the consolidated statement of financial position (included in other liabilities) in recognition of the contractual commitment to either refund such receipts or to hold them for future scheduled maintenance work to be performed thereafter. Maintenance work performed by lessees will not be capitalised, but instead will be recorded as a refund of maintenance reserve and shown as a deduction from the payments by the Group for maintenance liabilities account on the consolidated statement of financial position. Lessor contributions and top-ups to maintenance reserves will be recorded as a leasing expense (over the term of the lease), except where a liability exists by virtue of having purchased an aircraft with leases attached including an obligation to refund maintenance reserve payments made to date by the lessee, or where they are deemed to be modifications/improvements that materially improve the value of the asset/lease or extends its useful life whereby it would be capitalised and depreciated *over* the respective life of the asset or remaining term of the lease. When flight equipment is sold the portion of accrued liability which is not assigned to the buyer is recognised as a gain or loss on disposal of property, plant and equipment. On lease termination, all amounts not refunded to the lessees are recorded as revenue.

Lease premium asset

Lease premium asset represents the value of an acquired lease where the contractual rent payments are above the market at the date of acquisition. This asset is amortised over the expected term of the related lease agreement and recorded as a non-cash reduction in lease rental income.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are properties held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment" for owned property up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment" above.

Intangible assets

Intangible assets with finite useful lives include computer software systems and others, core deposits intangible, and credit card customer relationships.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost less net residual value and any accumulated impairment losses is amortised over its estimated useful life using the straight-line method. The Group reviews the useful life and amortisation method at the end of each reporting period, and makes adjustments when necessary. The useful life of each intangible asset is as follows:

Computer software systems and others	3 - 5 years
Core deposits intangible	20 years
Credit card customer relationships	10 years

Intangible assets, including trading rights and trade names, with indefinite useful lives are not amortised.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. Gains or losses arising from derecognition of intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Impairment losses on tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in- substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in other liabilities.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of motor vehicles (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is Included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

Financial instruments

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Initial recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. Loans and advances and other financial assets are recognised when cash is advanced to the counterparty.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. Interest income are recognised as investment income in the consolidated statement of profit or loss. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the consolidated statement of profit or loss.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Subsequent measurement (continued)

Financial assets designated at fair value through other comprehensive Income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the consolidated statement of profit or loss. Dividends are recognised as investment income in the consolidated statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are also recognised as net gains on financial assets at fair value through profit or loss in the consolidated statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or toss. Embedded derivatives are measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

On initial recognition, the Group's financial liabilities are generally classified into financial liabilities at FVTPL or other financial liabilities.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does hot include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the Initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the consolidated statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the consolidated statement of profit or loss. The net fair value gain or loss recognised in the consolidated statement of profit or loss does not include any interest charged on these financial liabilities.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost, with gain or loss arising from derecognition or amortisation recognised in consolidated statement of profit or loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in interest expenses in the consolidated statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the consolidated statement of profit or loss, except for the effective portion of hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)

Hedges which meet all the qualifying strict criteria for hedge accounting are accounted for as follows:

Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as effective fair value hedges are recognised in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge relationship no longer meets the criteria for hedge accounting or is terminated for reasons other than derecognition, e.g. due to repayment of the hedged item, the unamortised carrying value adjustment (the difference between the carrying value of the hedged item at the time of termination and the value at which it would have been carried had the hedge never existed) to the hedged item is amortised to the consolidated statement of profit or loss over the remaining life of the hedged item by the effective interest method. If the hedged item is derecognised, the unamortised carrying value adjustment is recognised immediately in the consolidated statement of profit or loss.

Hedges of a net investment

Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the consolidated statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated statement of profit or loss.

Inventories

Inventories included properties under development for sale which are stated at the lower of cost and net realisable value. Cost includes the cost of land, development expenditure, borrowing costs capitalised in accordance with the Group's accounting policy, and other attributable expenses. Net realisable value represents the estimated selling price for properties for sale less all estimated costs of completion and costs necessary to make the sale. Properties under development for sales are transferred to completed properties held for sales upon completion. Properties under development for sales are transferred to property, plant and equipment when there is a change in use, evidenced by commencement of owner-occupation which the carrying amount is carried forward and transferred to property, plant and equipment as the cost.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Precious metals

Precious metals comprise gold. Precious metals are initially recognised and subsequently re-measured at fair value. Mark-to-market gains or losses on precious metals are included in other income and gains.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Loans granted under repurchase agreements

Financial assets that have been purchased under agreements with a commitment to resell at a specific future date are not recognised in the consolidated statement of financial position. The cost (including interests) of purchasing such assets is presented under "loans granted under repurchase agreements" in the consolidated statement of financial position. The difference between the purchasing price and reselling price is recognised as interest income during the term of the agreement using the effective interest method.

Financial assets sold under repurchase agreements

Financial assets sold subject to agreements with a commitment to repurchase at a specific future date are not derecognised in the consolidated statement of financial position. The proceeds (including interests) from selling such assets are presented under "financial assets sold under repurchase agreements" in the consolidated statement of financial position. The difference between the selling price and repurchasing price is recognised as interest expense during the term of the agreement using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Provisions

Provisions are recognised when the Group has a present obligation related to a contingency such as action at law, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

Where all or some of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognised as a separate asset only when it is virtually certain that reimbursement will be received, and the amount of reimbursement recognised does not exceed the carrying amount of the provision.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currency transactions

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 HK$, which is the Company's functional and presentation currency.

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included ln profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which case, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at a rate that approximates the exchange rates at the dates of the transactions. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Provision of management services

The Group earns management fee income from management services which the Group provides to the customers. For those services that are provided over a period of time, management fee income is accrued in accordance with the actual progress. For other management services, property management fee income is recognized when the services are completed.

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Commission and fee income

The Group earns commission and fee income from securities and futures brokerage business, fund and asset management business, consultancy and financial advisory business, banking business, etc. which the Group provides to customers. For those services that are provided over a period of time, commission and fee income are accrued in accordance with the actual progress. Loan syndication fees are recognised as revenue when the related syndication arrangement has been completed and the Group has retained no part of the loan package for itself or has retained a part at the same effective interest rate as applicable to the other participants. For other services, commission and fee income are recognised when the transactions are completed.

Operating lease income

Lease revenues are recognised on a straight-line basis over the term of the lease. Floating rental are recognised on a straight-line basis over the period that the rentals are fixed and accruable. Lease incentives are recognised as a reduction of the total lease revenue on a non-cash receipt basis over the term of the lease. The Group as lessor, leases aircraft principally under operating leases and records rental income ratably over the life of the lease as it is earned.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is provided, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and an associate when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and an associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Fiduciary activities

The Group commonly acts as a trustee, or in other fiduciary capacities, that result in its holding or managing assets on behalf of individuals, trusts and other institutions. These assets and any gains or losses arising thereon are excluded from these consolidated financial statements, as they are not assets of the Group.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits

Retirement benefit costs

The Group contributes to defined contribution retirement schemes under either recognised ORSO schemes or MPF schemes that are available to the Group's employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries for the ORSO schemes and in accordance with the MPF rules for MPF schemes. The retirement benefit scheme costs are charged to the consolidated statement of profit or loss as incurred and represent contributions payable by the Group to the schemes. Contributions made by the Group that are forfeited by those employees who leave the ORSO scheme prior to the full vesting of their entitlement to the contributions are used by the Group to reduce the existing level of contributions or to meet its expenses under the trust deed of the ORSO schemes.

The assets of the schemes are held in independently-administered funds separate from those of the Group.

Leave entitlements

Employee entitlements to annual leave and sick leave are recognised when they accrue to employees. A provision is made for the estimated liability for unused annual leave and the amount of sick leave expected to be paid as a result of services rendered by employees up to the end of the reporting period.

Compensated absences other than sick leave and special approved annual leaves are non-accumulating; they lapse if the current period's entitlement is not used in full. Except for unexpired annual leaves, they do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonus plans

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans that are expected to be settled longer than twelve months will be discounted if the amounts are significant.

Defined benefit plan

A subsidiary of the Group operates a defined benefit plan which is unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Remeasurements arising from actuarial gains and losses of the defined benefit plan, is recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Defined benefit plan (continued)

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under "interest expense" and "other operating expenses" in the consolidated statement of profit or loss by function:

- service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements;
- net interest expense.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already Incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised as a provision but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When the inflow is virtually certain, it will be recognised as an asset.

3 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The followings are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred taxation on investment properties

For the purposes of measuring deferred taxation arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. Accordingly, deferred taxation in relation to the Group's investment properties has been measured in accordance with the general principles set out in HKAS 12.

3 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Critical judgements in applying accounting policies (continued)

Control on structured entities

The Group's management needs to assess whether the Group has the power over a structured entity and is exposed to significant variable return of the structured entities. If such power and exposure exist, the Group should consolidate such structured entities. The Group had consolidated certain structured entities including private equity funds, trusts, and asset management plans. To determine whether to consolidate these entities, the Group uses the following judgements:

For the private equity funds where the Group is involved as both general partner and limited partner and has power over the structured entities, the Group assesses whether the combination of investments it held together with its remuneration creates exposure to variability of returns from the activities of the funds that is of such significance that it indicates that the Group is a principal. The funds shall be consolidated if the Group acts in the role of principal.

For the trusts or asset management plans where the Group is involved as manager or trustee and also as investor, and has power over the structured entities, the Group assesses whether the combination of investments it held together with its remuneration creates exposure to variability of returns from the activities of such trusts or asset management plans that is of such significance that it indicates that the Group is a principal. The trusts or asset management plans shall be consolidated if the Group acts in the role of principal.

For the private equity funds, trusts and asset management plans, to which the Group has power over the structured entities and provides financial guarantees, the Group has an obligation to fund the losses beyond its investments, if any, in accordance with the guarantee agreements. The Group concludes that its exposure to variability of returns is of such significance that these structured entities shall be consolidated.

The Group reassesses whether it controls a structured entity if facts and circumstances indicate that there are changes to one or more of the three elements of control as listed in Note 2.3 Basis of consolidation.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of financial investments

The Group reviews its investment portfolio to assess impairment at least on an annual basis. The measurement of impairment losses under HKFRS 9 across all categories of financial assets requires estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which result in different levels of allowance. The Group's ECL calculations are outputs of complex models with a number of underlying assumptions.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly.

3 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Key sources of estimation uncertainty (continued)

Impairment of interests in associates and non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for interests in associates and all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Interests in associates and other non- financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of goodwill

Goodwill is tested for impairment annually or whenever there is an indication that the asset may be impaired. This requires an estimate of the present value of future cash flows for the asset group or portfolio of assets allocated to goodwill. When estimating the present value of future cash flows, the Group needs to anticipate future cash flows from the asset group or portfolio of assets, and select the appropriate discount rate to determine the present value of future cash flows.

Impairment of Properties held for sale

The Group measures properties held for sale on the balance sheet date based on the lower of cost and net realisable value. The calculation of net realisable value requires the use of assumptions and estimates. If management revises the estimated selling price in the ordinary course of business and the estimated costs of completion and the estimated costs necessary to make the sale, it will affect the estimation of the net realisable value of properties held for sale, and the difference will have an impact on the impairment for properties held for sale.

3 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Key sources of estimation uncertainty (continued)

Fair value of derivative financial instruments

The fair value of derivative financial instruments that are not quoted in active markets are determined by using valuation techniques. Valuation techniques used include discounted cash flows analysis and models with built-in functions available in externally acquired financial analysis or risk management systems widely used by the industry such as option pricing models. To the extent practical, the models use observable data. In addition, valuation adjustments may be adopted if factors such as credit risk are not considered in the valuation models. Management judgement and estimates are required for the selection of appropriate valuation parameters, assumptions and modeling techniques. Further details will be discussed in Note 5.

Fair value of financial instruments

The Group uses valuation technique for financial instruments which are not quoted in an active market. Valuation techniques include the use of discounted cash flows analysis, option pricing models or other valuation methods as appropriate. To the extent practical, models use observable data. However, areas such as credit risk of the Group and counterparties, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the estimated fair value of financial instruments.

Fair value of investment properties and property, plant and equipment

Investment properties and certain property, plant and equipment of the Group are stated at fair value or revalued amount based on the valuations performed by independent professional valuers. In determining the fair value, the valuers have used a method of valuation, which involves certain estimates of market conditions. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the relevant property, plant and equipment and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss or other comprehensive income, as appropriate.

4 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that 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 prior year. The capital structure of the Group consists of net debt, which includes borrowings and bonds net of cash and cash equivalents of HK$120,859,130,000 (2022: HK$105,947,245,000) and equity attributable to equity holders of the Company, comprising issued share capital and reserves of HK$ 29,373,644,000 (2022: HK$29,239,805,000).

The directors of the Company review the capital structure on a continuous basis by taking into account the cost of capital and the risk associated with capital. The Group will balance its overall capital structure through issuance of new debts and redemption of existing debts.

In particular for Nanyang Commercial Bank, Limited ("NCB") which is subject to capital requirements imposed by the HKMA and the National Financial Regulatory Authority ("NFRA"), during the current and prior years, it has complied with all the statutory capital requirements in respect of banking operations.

5 FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risks as a result of engaging in a variety of business activities. The principal financial risks are credit risk, market risk (including currency risk and interest rate risk) and liquidity risk. This note summarises the Group's exposures to these risks, as well as its objectives, risk management governance structure, policies and processes for managing and the methods used to measure these risks.

Financial risk management objectives and policies

The Group's risk management governance structure is designed to cover all business processes and ensure various risks are properly managed and controlled in the course of conducting business. The Group has a robust risk management organisational structure with a comprehensive set of policies and procedures to identify, measure, monitor and control various risks that may arise. These risk management policies and procedures are regularly reviewed and updated to reflect changes in markets and business strategies. Various groups of risk takers assume their respective responsibilities for risk management.

The board of directors, representing the interests of shareholders, is the highest decision-making authority of the Group and has the ultimate responsibility for risk management.

Within this framework, the Group's senior management has overall responsibility for managing all aspects of risks, including implementing risk management strategies, initiatives and credit policies and approving internal policies, measures and procedures relating to risk management. The risk management department and other relevant functional units are responsible for monitoring financial risks.

For NCB, it has a separate independent governance structure catering for the needs of the banking business, to assist the Group's senior management to manage the risk.

The NCB's Board of Directors (the "NCB Board") holds the ultimate responsibility for the NCB's overall risk management. It establishes a sound risk culture and determines the risk management strategies and the risk management structure.

To achieve the NCB's goals in risk management, the NCB Board sets up the Risk Management Committee, which comprises of Independent Non-executive Directors, to oversee the NCB's various types of risks, review and approve the high-level risk management policies. Also, Credit Approval Committee is set up under the Risk Management Committee to review or approve credit applications and credit management related matters exceeding the Chief Executive's authority or as required by the policy and monitoring the credit activities of the NCB.

Credit Approval Specialized Committee set up by the Chief Executive is responsible for approving credit business within the authorisation, Also, according to the risk management strategies established by the NCB Board, risk management policies and controls are devised and reviewed regularly by relevant departments and respective management committees set up by the Chief Executive.

The risk management units develop policies and procedures for identifying, measuring, evaluating, monitoring, reporting and controlling credit risk, market risk, operational risk, reputation risk, legal and compliance risk, interest rate risk, liquidity risk, strategic risk, technology risk, conduct risk and climate risk; set appropriate risk limits; and continually monitor risks.

5 FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

The Audit Department conducts independent reviews on the adequacy and effectiveness of risk management policies and controls to ensure that the NCB is operating according to the established policies, procedures and limits.

Independence is crucial to effective risk management. To ensure the independence of risk management units and Audit Department, risk management units and Chief Risk Officer report directly to the Risk Management Committee and the Audit Department reports directly to the Audit Committee respectively. Both committees are specialised committees set up by the NCB Board and all members are directors of the NCB.

Credit risk

Credit risk management

Credit risk is the risk of loss that a customer or counterparty is unable to or unwilling to meet its contractual obligations. The Group's major credit risks mainly arise from financial assets at amortised cost, loans and advances to customers and other guarantees.

The Group implements the following measures to mitigate credit risk:

- referencing to external credit rating information to manage the credit quality of counterparties, and selecting counterparties with acceptable credit quality and repayment ability to balance credit risk and return; and
- obtaining effective collateral from counterparties to mitigate risks.

In particular, the Group is primarily subject to the credit risk arising from its loans and advances to customers, and its debt securities and derivatives, which are managed as follows:

Loans and advances to customers

Different credit approval and control procedures are adopted according to the level of risk associated with the customer, counterparty or transaction. All credit applications are subject to thorough risk assessment and proper approval. In general, most of the credit applications will be reviewed and assessed by independent officer(s) of risk management unit(s) before approval, with exceptions given to designated advances which satisfy certain conditions. After funding are being drawn, these designated advances will be randomly reviewed by designated units which are independent from the front line business units.

For NCB, obligor ratings (In terms of probability of default) and facility ratings (in terms of loss given default) are assigned to credit applications for non-retail exposures to support credit approval. Retail internal rating systems are deployed in the risk assessment of retail credit transactions, including small business retail exposures, residential mortgage loans, personal loans, etc. Loan grades, obligor and facility ratings as well as loss estimates (if applicable) are used to support credit approval.

The banking subsidiary also uses loan grades, obliger ratings and loss estimates (if applicable) to support monitoring, reporting and analysis of credit risk. For non-retail exposures, more frequent rating review and closer monitoring are required for higher-risk customers. For retail exposures, monthly updated internal ratings and loss estimates are used for credit monitoring on a portfolio basis. More comprehensive review is required for obligors being identified under high-risk pools.

5 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Credit risk management (continued)

Loans and advances to customers (continued)

Regular or ad hoc credit risk management information reports are provided to the management, and various committees set under the board, to facilitate their continuous monitoring of credit risk.

In addition, the Group identifies credit concentration risk by industry, geography, customer and counterparty. The Group monitors changes in counterparty credit risk, quality of the credit portfolio and credit risk concentrations, and reports regularly to the Group's management.

Debt securities and derivatives

For investments in debt securities, the obliger ratings or external credit ratings, assessment of the underlying assets and credit limits setting on customer/security issuer basis are used for managing credit risk associated with the investment. For derivatives, the Group sets customer limits to manage the credit risk involved and follows the same approval and control processes as applied for advances. On-going monitoring and stop-loss procedures are established.

Settlement risk arises mainly from foreign exchange transactions with counterparties and also from derivatives transactions in any situation where a payment in cash, securities or equities is made in the failure of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty or customer to cover all settlement risk arising from the Group's market transactions on any single day.

Measurement of ECL

The ECL is a weighted average of credit losses on financial instruments weighted at the risk of default. Credit loss is the difference between all receivable contractual cash flows according to the contract and all cash flows expected to be received by the Group discounted to present value at the original effective interest rate, i.e. the present value of all cash shortfalls.

According to the changes of credit risk of financial instruments since the initial recognition, the Group calculates the ECL by three stages:

- Stage 1: The financial instruments without significant increases in credit risk after initial recognition apply the Stage 1 Model of the ECL to calculate their impairment allowance at an amount equivalent to the ECL of the financial instruments for the next 12 months;
- Stage 2: Financial instruments that have had a significant increase in credit risk since initial recognition but have no objective evidence of impairment apply the Stage 2 Model of the ECL, with their impairment provision measured at an amount equivalent to the ECL over the lifetime of the financial instruments; and
- Stage 3: Financial assets with objective evidence of impairment at the balance sheet date apply the Stage 3 Model of ECL, with their impairment provisions measured at the amount equivalent to the ECL for the lifetime of the financial instruments.

If the financial instrument no longer belongs to the situation of there being a significant increase in credit risk since initial recognition, the Group will measure the impairment provision for the financial instruments on the balance sheet date according to the ECL in the next 12 months.

5 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Measurement of ECL (continued)

The Group shall measure ECL of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- 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.

When measuring ECL, an entity needs not necessarily identify every possible scenario. However, the Group shall consider the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low.

The Group conducted an assessment of ECL according to forward-looking information and used complex models and a large number of assumptions in its expected measurement of credit losses. These models and assumptions relate to the future macroeconomic conditions and borrower's creditworthiness (e.g., the likelihood of default by borrowers and the corresponding losses). The Group adopts judgement, assumption and estimation techniques in order to measure ECL according to the requirements of accounting standards such as:

- criteria for judging significant increases in credit risk;
- definition of credit-impaired financial asset;
- parameters for measuring ECL;
- forward-looking information; and
- modification of contractual cash flows.

Criteria for judging significant increases in credit risk.

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. 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. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort. The main criteria considered are as follows:

- significant adverse change in the issuer or the debtor's operation or financial status;
- significant downgrade in debtor's actual or expected internal and external credit ratings;
- the creditor offers the debtor a grace period or an extension period or debt restructuring;
- significant increase in credit spread; and
- overdue information.

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, unless the Group has reasonable and supportable information that demonstrates otherwise.

5 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Measurement of ECL (continued)

Definition of credit-impaired financial asset

The standard adopted by the Group to determine whether a credit impairment occurs is consistent with the internal credit risk management objectives of the relevant financial instrument. When the Group assesses whether the credit impairment of debtors occurred, the following factors are mainly considered:

- significant financial difficulty of the issuer or the debtor;
- debtors are in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;
- the creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- it is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- 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; and
- overdue information.

Irrespective of the above, the Group considers that credit impairment has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging criterion is more appropriate.

Parameters of the EGL measurement

According to whether there is a significant increase in credit risk and whether there is an impairment of assets, the Group measures the impairment loss for different assets with ECL of 12 months or the entire lifetime respectively. The key measuring parameters of the ECL include probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"). Based on the requirement of HKFRS 9, the Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties) and forward-looking information in order to establish the models of PD, LGD and EAD.

Relative definitions are listed as follows:

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment in the next 12 months or throughout the entire remaining lifetime;
- LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure, and is the percentage of loss of risk exposure at the time of default. LGD ls calculated over the next 12 months or over the entire remaining lifetime; and
- EAD is the amount that the Group should be reimbursed at the time of the default in the next 12 months or throughout the entire remaining lifetime.

5 **FINANCIAL RISK MANAGEMENT (continued)**

Credit risk (continued)

Measurement of ECL (continued)

Forward-looking information

The assessment of a significant increase in credit risk and the calculation of ECL involve forward-looking information. For the year ended 31 December 2022, through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL of various business types, such as GDP, CPI, etc. For year ended 31 December 2023, through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL of various business types, such as New House Price Index, Pre-owned House Price Index and CPI, M1, M2, etc. The forecasted 2024 domestic M1 growth rate used by the Group is between 3% and 4%, the forecasted 2024 domestic M2 growth rate used by the Group is between 8% and 12%, the forecasted 2024 PPI growth rate used by the Group is between 3% and 5%.

The impact of these economic indicators on the ECL measurement varies according to different types of business. The Group applies experts' judgement in this process, and predicts these economic indicators on a regular basis and determines the impacts on these economic indicators on the ECL measurement by conducting regression analysis.

In addition to providing a baseline economic scenario, the Group combines statistical analysis with experts' judgement to determine the weightings of other possible scenarios. At 31 December 2023, the Group reviewed the macroeconomic scenario weightings in conjunction with expert judgement. Overall, the benchmark scenario has been assigned with the highest weighting while the upside scenario shares the same weighting with the downside scenario. The Group measures the weighted average ECL of 12 months (Stage 1) or life time (Stage 2 and Stage 3). The weighted average credit loss above is calculated by multiplying the ECL for each scenario by the weighting of the corresponding scenario.

5 **FINANCIAL RISK MANAGEMENT (continued)**

Credit risk (continued)

Measurement of ECL (continued)

Modification of contractual cash flows

A modification or re-negotiation of a contract between the Group and a counterparty may result in a change to the contractual cash flows without resulting in the derecognition of the financial assets. Such restructuring activities include extended payment term arrangements, repayment schedule modifications and changes to the interest settlement method. The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset and the book value of the financial asset is recalculated and the related gain or loss is included in current profit or loss. The recalculated book value of the financial asset is determined based on the present value of the contractual cash flows following the renegotiation or modification, as calculated using the original effective interest rate of the financial asset.

The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 to Stage 1. The adjustment of the modified assets can only be made after meeting specified criteria throughout the observation period. As at 31 December 2023 and 31 December 2022, the carrying amount of financial assets with such modified contractual cash flows was not significant.

Expected Credit Loss ("ECL") Methodology

NCB enhanced the underlying parameters of the PD, LGD, probability weightings of macroeconomic scenarios and forward-looking information based on the results of model re-examination. After calculation, the relevant model changes have no significant impact on ECL. Relevant model changes have been approved by NCB's Risk Management Committee.

5 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Measurement of ECL (continued)

Summary of credit risk by stage distribution at 31 December 2023 is, as follows:

	31 December 2023								
	Gross carrying amount / Risk exposure								
	Cash and balances with central banks HK$'000	Deposits and placements with banks and financial institutions HK$'000	Financial investments HK$'000	Loans and advances to customers HK$'000	Loans grante d under repurchase agreements HK$'000	Trade receivables and other assets HK$'000	Financial guarantees HK$'000	Loan commitments HK$'000	Total HK$'000
Stage 1	16,755,556	20,263,307	174,161,917	282,175,506	2,799,324	6,011,846	54,091,488	149,050,077	705,309,021
Stage 2	-	-	7,297,376	11,046,315	-	255	5,136	1,269,176	19,618,258
Stage 3	-	-	19,976	6,919,550	-	5,424	5,840	4,341	6,955,131
Total	16,755,556	20,263,307	181,479,269	300,141,371	2,799,324	6,017,525	54,102,464	150,323,594	731,882,410

5 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Measurement of ECL (continued)

Summary of credit risk by stage distribution at 31 December 2022 is, as follows:

	31 December 2022 Gross carrying amount / Risk exposure								
	Cash and balances with central banks HK$'000	Deposits and placements with banks and financial institutions HK$'000	Financial investments HK$'000	Loans and advances to customers HK$'000	Loans grante d under repurchase agreements HK$'000	Trade receivables and other assets HK$'000	Financial guarantees HK$'000	Loan commitments HK$'000	Total HK$'000
Stage 1	18,609,580	20,360,414	151,196,624	284,529,531	4,566,409	5,932,356	53,685,306	130,789,589	669,669,809
Stage 2	-	-	13,230,953	7,421,582	-	166	94,559	1,684,023	22,431,283
Stage 3	-	-	174,975	4,924,066	-	12,151	1,540	-	5,112,732
Total	18,609,580	20,360,414	164,602,552	296,875,179	4,566,409	5,944,673	53,781,405	132,473,612	697,213,824

5 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Credit exposures

The maximum credit exposure is the worst case scenario of exposure to the Group without taking into account any collateral held or other credit enhancements. For on-balance sheet assets, the maximum exposure to credit risk equals their carrying amount. For letters of guarantee issued, the maximum exposure to credit risk is the maximum amount that the Group could be required to pay if the guarantees are called upon. For loan commitments and other credit related liabilities, the maximum exposure to credit risk is the full amount of the committed facilities.

The nature of the collateral held and other credit enhancements and their financial effect to the different classes of the Group's financial assets are as follows:

Deposits and placements with banks and financial institutions

Collateral is generally not sought on these exposures in consideration of the counterparty nature. However, other mitigations will be taken.

Financial investments

Collateral is generally not sought on debt securities.

Derivative financial instruments

The Master Agreement published by the International Swaps and Derivatives Association, Inc. ("ISDA Master Agreement") is the preferred agreement for documenting derivatives activities of the Group. It provides the contractual framework under which dealing activities of over-the-counter ("OTC") derivative transactions are conducted, and sets out close-out netting provisions upon termination following the occurrence of an event of default or a termination event. In addition, if deemed necessary, Credit Support Annex ("CSA") will be included to form part of the Schedule to the ISDA Master Agreement. Under a CSA, collateral is passed from one counterparty to another, as appropriate, to mitigate the exposures.

Loans and advances to customers, contingent liabilities and commitments

Loans and advances to customers, contingent liabilities and commitments are collateralised to the extent considered appropriate by the Group taking account of the risk assessment of individual exposures. The collateral coverage of loans and advances to customers is analysed below and the components and nature of contingent liabilities and commitments are disclosed in Note 47. Regarding the commitments that are unconditionally cancellable without prior notice, the Group would assess the necessity to withdraw the credit line in case where the credit quality of a borrower deteriorates. For contingent liabilities and commitments, 7.03% (2022: 7.57%) was covered by collateral as at 31 December 2023.

5 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Credit exposures (continued)

Maximum exposure to credit risk before taking into account any collateral held or other credit enhancements

The maximum exposure to credit risk represents the credit risk exposure to the Group at the end of the reporting period without taking into account any collateral held or other credit enhancements. The exposure to credit risk at the end of each reporting period mainly arises from loans and advances to customers and investment products.

The maximum exposure to credit risk at the end of each reporting period is as follows:

	As at 31 December 2023	As at 31 December 2022
On-balance sheet		
Cash and balances with central banks	16,755,556	18,609,580
Deposits with banks and financial institutions	20,263,307	20,360,414
Placements with banks and financial institutions	24,782,219	38,538,179
Financial assets at fair value through profit or loss	13,091,952	13,930,261
Financial assets at fair value through other comprehensive income	167,099,052	138,071,251
Financial assets at amortized cost	7,296,653	13,229,689
Loans and advances to customers	303,112,432	304,442,703
Trade receivables	250,721	273,913
Other assets	6,009,460	6,061,581
Subtotal	558,661,352	553,517,571
Off-balance sheet		
Loan commitments	150,323,594	132,473,612
Financial guarantees and other financial facilities	54,145,285	59,934,940
Subtotal	204,468,879	192,408,552
Total	763,130,231	745,926,123

The Group implements specific policies and credit enhancement practices to mitigate credit risk exposure to an acceptable level. The most typical practice is by obtaining guarantee deposits, collateral and/or guarantees. The amount and type of acceptable collateral are determined by credit risk evaluations of counterparties. The Group implements guidelines on the acceptability of specific classes of collateral and evaluation parameters. The main types of collateral obtained are land and properties or other assets of the borrowers. The Group monitors the market value of collateral periodically and requests for additional collateral in accordance with the underlying agreement when necessary.

5 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Credit exposures (continued)

Risk concentration of loans and advances to customers at amortised cost

(a) By geographical area

	31 December 2023 Gross amount HK$'000	%	31 December 2022 Gross amount HK$'000	%
Hong Kong	193,258,372	64%	189,945,049	64%
Outside Hong Kong	106,882,999	36%	106,930,130	36%
	300,141,371	100%	296,875,179	100%

(b) By industry sector

	31 December 2023 Gross amount HK$'000	%	31 December 2022 Gross amount HK$'000	%
Corporate business				
Real estate	66,793,134	22%	75,304,189	25%
Leasing and commercial services	35,475,985	12%	37,167,157	13%
Manufacturing	26,748,001	9%	22,645,238	8%
Finance	45,732,572	15%	37,248,349	13%
Accommodation and catering	9,321,269	3%	8,741,472	3%
Information transmission, computer services and software	8,667,592	3%	8,535,434	3%
Construction	7,511,018	3%	7,726,741	3%
Electricity, gas and water production and supply	15,217,333	5%	12,566,288	4%
Transportation, logistics and postal services	9,831,083	3%	8,469,406	3%
Wholesale and retail trade	11,523,973	4%	10,150,516	3%
Others	12,342,853	4%	12,262,527	3%
Subtotal	249,164,813	83%	240,817,317	81%
Personal business				
Mortgage	27,240,194	9%	30,505,535	10%
Personal consumption loans	23,736,364	8%	25,552,327	9%
Subtotal	50,976,558	17%	56,057,862	19%
	300,141,371	100%	296,875,179	100%

5 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Credit exposures (continued)

Risk concentration of loans and advances to customers at amortised cost (continued)

(c) By security type

	31 December 2023		31 December 2022	
	Gross amount HK$'000	%	Gross amount HK$'000	%
Unsecured	152,659,852	51%	148,728,482	50%
Guaranteed	16,278,711	5%	24,451,197	8%
Mortgaged	29,730,662	10%	63,226,575	21%
Pledged	101,472,146	34%	60,468,925	21%
	300,141,371	100%	296,875,179	100%

Credit quality of loans and advances to customers at amortised cost

	31 December 2023 HK$'000	31 December 2022 HK$'000
Neither past due nor impaired	290,522,483	286,849,989
Past due but not impaired	2,699,338	5,101,124
Impaired	6,919,550	4,924,066
Subtotal	300,141,371	296,875,179
Less: Allowances for impairment losses	(4,920,818)	(4,102,207)
Net carrying amount	295,220,553	292,772,972

Impaired loans and advances to customers at amortised cost

	31 December 2023 HK$'000	31 December 2022 HK$'000
Gross amount	6,919,550	4,924,066
Less: Allowances for impairment losses	(3,081,745)	(2,184,268)
Net carrying amount	3,837,805	2,739,798

5 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Credit exposures (continued)

Impaired loans and advances to customers at amortised cost (continued)

(a) By nature

	31 December 2023		31 December 2022	
	Gross amount HK$'000	Market value of collateral HK$'000	Gross amount HK$'000	Market value of collateral HK$'000
Advances to customers				
Personal				
- Mortgages	117,500	203,037	98,359	234,746
- Credit cards	619	-	1,042	-
- Others	367,624	122,547	73,210	118,726
Corporate				
- Commercial loans	6,383,505	1,454,584	4,751,455	162,477
- Trade finance	50,302	24,545	-	-
Gross impaired loans and advances to customers	6,919,550	1,804,713	4,924,066	515,949
Impaired as a % of total loans and advances to customers	2.31%		1.66%	

(b) By geographical area

	31 December 2023		31 December 2022	
	Gross amount HK$'000	%	Gross amount HK$'000	%
Hong Kong	3,153,804	46%	2,340,819	48%
Outside Hong Kong	3,765,746	54%	2,583,247	52%
	6,919,550	100%	4,924,066	100%

5 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Credit exposures (continued)

Credit quality of investment products

The tables below set forth the credit quality of investment products, including treasury bills, debt securities, and trust plans and asset management plans.

	31 December 2023 HK$'000	31 December 2022 HK$'000
Neither past due nor impaired	186,141,351	163,302,392
Past due but not impaired	-	-
Impaired or overdue	490,688	1,350,390
Subtotal	186,632,039	164,652,782
Allowances for impairment losses	(205,177)	(412,245)
Net carrying amount	186,426,862	164,240,537

The following tables present an analysis of the carrying values of investment products by issue rating.

	31 December 2023					
	AAA HK$'000	AA HK$'000	A HK$'000	Below A HK$'000	Unrated HK$'000	Total HK$'000
Treasury bills	7,702,308	69,327,788	164,065	-	385,837	77,579,998
Debt securities	8,619,311	31,168,771	43,780,286	11,011,833	13,922,739	108,502,940
Convertible bonds	-	-	-	41,960	301,964	343,924
Wealth management products	-	-	-	-	-	-
	16,321,619	100,496,559	43,944,351	11,053,793	14,610,540	186,426,862

	31 December 2022					
	AAA HK$'000	AA HK$'000	A HK$'000	Below A HK$'000	Unrated HK$'000	Total HK$'000
Treasury bills	-	6,180,799	22,853,346	-	37,162,918	66,197,063
Debt securities	12,712,291	30,529,833	33,731,338	10,819,790	8,356,874	96,150,126
Convertible bonds	-	-	-	37,993	227,401	265,394
Wealth management products	-	-	-	-	1,627,954	1,627,954
	12,712,291	36,710,632	56,584,684	10,857,783	47,375,147	164,240,537

5 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Credit exposures (continued)

Credit quality of investment products (continued)

(a) Neither past due nor impaired

The following tables present an analysis of investment products neither overdue nor credit-impaired as at 31 December by issue rating.

	31 December 2023					
	AAA HK$'000	AA HK$'000	A HK$'000	Below A HK$'000	Unrated HK$'000	Total HK$'000
Treasury bills	7,702,308	69,327,788	164,065	-	385,837	77,579,998
Debt securities	8,619,311	31,150,286	43,780,286	11,011,834	13,655,712	108,217,429
Convertible bonds	-	-	-	41,960	301,964	343,924
Wealth management products	-	-	-	-	-	-
	16,321,619	100,478,074	43,944,351	11,053,794	14,343,513	186,141,351

	31 December 2022					
	AAA HK$'000	AA HK$'000	A HK$'000	Below A HK$'000	Unrated HK$'000	Total HK$'000
Treasury bills	-	6,180,799	22,853,346	-	37,162,918	66,197,063
Debt securities	12,712,291	30,529,833	33,731,338	10,728,260	7,553,581	95,255,303
Convertible bonds	-	-	-	37,993	184,079	222,072
Wealth management products	-	-	-	-	1,627,954	1,627,954
	12,712,291	36,710,632	56,584,684	10,766,253	46,528,532	163,302,392

5 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Credit exposures (continued)

Credit quality of investment products (continued)

(b) Credit-impaired or overdue

The following tables present an analysis of investment products credit-impaired or overdue debt securities by issue rating.

	31 December 2023						
	Carrying values						
	AAA HK$'000	AA HK$'000	A HK$'000	Below A HK$'000	Unrated HK$'000	Total HK$'000	Of which accumulated impairment allowances HK$'000
Debt securities	-	-	-	12,132	273,379	285,511	205,177
Convertible bonds	-	-	-	-	-	-	-
	-	-	-	12,132	273,379	285,511	205,177
Of which accumulated impairment allowances	-	-	-	146,546	58,631	205,177	

	31 December 2022						
	Carrying values						
	AAA HK$'000	AA HK$'000	A HK$'000	Below A HK$'000	Unrated HK$'000	Total HK$'000	Of which accumulated impairment allowances HK$'000
Debt securities	-	-	-	91,530	803,293	894,823	412,245
Convertible bonds	-	-	-	-	43,322	43,322	-
	-	-	-	91,530	846,615	938,145	412,245
Of which accumulated impairment allowances	-	-	-	108,320	303,925	412,245	

5 FINANCIAL RISK MANAGEMENT (continued)

Market risk

Market risk refers to the risk of loss arising from movements in the value of foreign exchange, interest rate, equity and commodity positions held by the Group due to the volatility of financial market price (foreign exchange rate, interest rate, equity price, commodity price). The Group adopts a moderate market risk appetite to achieve a balance between risk and return.

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 interest rate risk arises from the mismatches between contractual maturities or repricing dates of interest-generating assets and interest-bearing liabilities.

The risk of fair value and cash flow changes due to interest rate changes is mainly related to the Group's fixed rate and floating rate financial instruments respectively.

The Group manages its interest rate risk by:

- minimising the mismatches between contractual maturities or repricing dates of interest-generating assets and interest-bearing liabilities;
- strictly controlling the length of the debt restructuring term and strengthening the matching of the Group's liabilities with the terms and interest rate structure of the restructured distressed assets; and
- regularly performing quantitative analysis, including periodic sensitivity analysis.

5 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk (continued)

At the end of each reporting period, the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing date and maturity date are as follows:

	31 December 2023						
	Less than 1 month HK$'000	1 - 3 months HK$'000	3 - 12 months HK$'000	1 - 5 years HK$'000	Over 5 years HK$'000	Non-interest bearing HK$'000	Total HK$'000
Financial assets							
Cash and balances with central banks	13,521,522	-	-	-	-	3,234,034	16,755,556
Deposits with banks and financial institutions	19,422,225	468,939	327,626	-	-	44,517	20,263,307
Placements with banks and financial institutions	22,471,609	1,545,669	727,600	-	-	37,341	24,782,219
Financial investments:							
- Financial assets at fair value through profit or loss	2,655,497	5,195,402	1,549,248	3,691,805	-	46,526,924	59,618,876
- Financial assets at fair value through other comprehensive income	14,354,892	33,726,401	52,559,133	61,756,020	3,206,183	1,522,029	167,124,658
- Financial assets at amortised cost	2,689,139	1,561,211	1,900,694	1,109,819	-	35,790	7,296,653
Trade receivables	-	-	-	-	-	250,721	250,721
Loans and advances to customers	199,023,196	34,011,577	42,952,681	24,876,071	733,306	1,515,601	303,112,432
Loans granted under repurchase agreements	2,799,097	-	-	-	-	-	2,799,097
Other financial assets	-	-	-	-	-	6,009,460	6,009,460
	276,937,177	76,509,199	100,016,982	91,433,715	3,939,489	59,176,417	608,012,979

5 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk (continued)

	31 December 2023						
	Less than 1 month HK$'000	1 - 3 months HK$'000	3 - 12 months HK$'000	1 - 5 years HK$'000	Over 5 years HK$'000	Non-interest bearing HK$'000	Total HK$'000
Financial liabilities							
Bank and other borrowings	6,394,620	6,059,497	9,709,845	24,444,022	4,204,279	252,759	51,065,022
Placements from banks and financial institutions	11,698,900	-	-	-	-	-	11,698,900
Financial liabilities at fair value through profit or loss	5,369,164	674,069	1,534,597	-	-	1,351,573	8,929,403
Financial assets sold under repurchase agreements	22,260,561	-	-	-	-	-	22,260,561
Accounts payable	226,225	3,577	36,300	23	10,630	81,135	357,890
Bonds issued	4,314,078	9,243,189	11,136,207	48,963,226	43,675,113	1,429,011	118,760,824
Due to customers	332,967,047	8,589,890	30,670,942	7,499,236	-	17,744,101	397,471,216
Deposits from banks and financial institutions	19,484,625	-	-	-	-	-	19,484,625
Other financial liabilities	-	-	-	-	-	5,373,383	5,373,383
	402,715,220	24,570,222	53,087,891	80,906,507	47,890,022	26,231,962	635,401,824

The sensitivity analysis below has been determined based on the exposure to interest rate risks at the reporting date. If interest rates had been 1% (2022: 1%) higher/lower, assuming all other variables were held constant, profit before tax for the year ended 31 December 2023 would increase/decrease by approximately HK$2,259,359 (2022: HK$1,925,300), other comprehensive income for the year ended 31 December 2023 would increase/decrease by approximately HK$1,656,026 (2022: HK$1,380,713).

5 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk (continued)

	31 December 2022						
	Less than 1 month HK$'000	1 - 3 months HK$'000	3 - 12 months HK$'000	1 - 5 years HK$'000	Over 5 years HK$'000	Non-interest bearing HK$'000	Total HK$'000
Financial assets							
Cash and balances with central banks	11,691,780	-	-	-	-	6,917,800	18,609,580
Deposits with banks and financial institutions	12,901,439	1,129,092	49,257	-	-	6,280,626	20,360,414
Placements with banks and financial institutions	33,442,835	4,053,903	1,041,441	-	-	-	38,538,179
Financial investments:							
- Financial assets at fair value through profit or loss	1,722,080	4,428,656	6,872,197	2,299,037	930,712	44,094,672	60,347,354
- Financial assets at fair value through other comprehensive income	12,638,654	26,588,413	24,886,092	72,457,627	1,500,465	21,844	138,093,095
- Financial assets at amortised cost	2,333,947	-	9,445,618	1,450,124	-	-	13,229,689
Trade receivables	-	-	-	-	-	273,913	273,913
Loans and advances to customers	209,795,782	38,082,066	40,103,597	14,915,780	1,545,478	-	304,442,703
Loans granted under repurchase agreements	4,566,364	-	-	-	-	-	4,566,364
Other financial assets	-	-	-	-	-	6,061,581	6,061,581
	289,092,881	74,282,130	82,398,202	91,122,568	3,976,655	63,650,436	604,522,872

5 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk (continued)

	31 December 2022						
	Less than 1 month HK$'000	1 - 3 months HK$'000	3 - 12 months HK$'000	1 - 5 years HK$'000	Over 5 years HK$'000	Non-interest bearing HK$'000	Total HK$'000
Financial liabilities							
Bank and other borrowings	6,632,770	5,626,302	3,766,919	20,500,336	159,930	187,656	36,873,913
Placements from banks and financial institutions	4,498,596	270,866	2,925,724	-	-	13,685	7,708,871
Financial liabilities at fair value through profit or loss	5,065,482	656,066	1,397,810	-	-	4,599,506	11,718,864
Financial assets sold under repurchase agreements	12,443,537	7,632,658	12,158,363	-	-	2,000,000	34,234,558
Accounts payable	-	-	-	-	-	623,826	623,826
Bonds issued	111,762	17,767,631	9,955,561	62,718,068	41,326,451	1,201,808	133,081,281
Due to customers	163,871,508	100,245,881	91,223,944	8,400,106	-	15,266,438	379,007,877
Deposits from banks and financial institutions	3,460,507	5,408,261	6,814,638	291,472	-	350,208	16,325,086
Other financial liabilities	-	-	-	-	-	2,509,304	2,509,304
	196,084,162	137,607,665	128,242,959	91,909,982	41,486,381	26,752,431	622,083,580

5 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk (continued)

Interest rate benchmark reform

In July 2017, the UK regulator, the Financial Conduct Authority ("FCA") announced the discontinuation of a widely-used benchmark rate, the London Interbank Offered Rate ("LIBOR"), by end of 2021, leading to a transition of LIBOR to Risk-Free Rates ("RFRs") or Alternative Reference Rates ("ARRs"). In March 2021, the FCA further announced that publication of 26 LIBOR settings would permanently be ceased, including British Pound (GBP), Swiss Franc (CHF), Euro (EUR), Japanese Yen (JPY) LIBOR settings and the 1-week and 2-month US Dollar (USD) LIBOR settings after 31 December 2021, while the remaining USD LIBOR settings are ceased immediately after 30 June 2023.

The NCB Group established its IBOR Transition Programme in 2020 and formed an IBOR Steering Committee, which is chaired by the NCB's Chief Risk Officer, to lead the Transition Programme. The Steering Committee comprises senior representatives across Front Office, Middle Office and Back Office. The management oversight of the Transition Programme is performed by the Asset and Liability Management Committee ("ALCO") and the NCB Board.

IBOR transition exposes the Group to various risks, which the Transition Programme is managing and monitoring closely. These risks include but are not limited to the following:

- Conduct risk arising from discussions with clients and market counterparties due to the amendments to existing contracts required under IBOR transition;
- Basis risk arising from asymmetric adoption of benchmark rates across assets and liabilities;
- Financial risk to the Group and its clients as markets are disrupted due to IBOR transition;
- Pricing risk from potential lack of market information if liquidity in IBORs reduces and RFRs are illiquid and unobservable;
- Operational risk arising from changes to the Group's IT systems and processes; and the risk of payments being disrupted if an IBOR ceases to be available;
- Accounting risk if the Group's hedging relationships terminated and the Group experienced volatility in income statement caused by profit and loss arising from existing reference rate of financial instruments transiting to RFRs.

5 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk (continued)

Interest rate benchmark reform (continued)

As at 31 December 2023, all legacy contracts referencing EUR, GBP, JPY, CHF, and 1-week and 2-month USD LIBOR settings have been remediated by including appropriate fallback in the contract, with no 'tough legacy' contracts remaining.

For legacy contracts referencing the remaining USD LIBOR settings, all exposures have already incorporated appropriate fallback, and the contract remediation of all legacy contracts is completed in 2023. The Group continues the client outreach to support our clients during the IBOR transition.

For loans products, the migration on revolving loans, term loans and syndicated loans to RFRs or ARRs is completed 2023. For treasury products, the migration on bonds and derivatives such as interest rate swaps to RFRs or ARRs is completed in 2023 following the International Swaps and Derivatives Association (ISDA) protocol or clearing house arrangement.

The Group has identified major risks arising from the IBOR Transition and mitigated most of the risks by performing banking system upgrade, client outreach and contract remediation, process and model changes, development of new ARR products, staff training and frequent management oversight of the Transition Programme. The Group also engages actively with regulators to ensure a smooth transition from LIBOR.

The Group's main interest rate benchmark exposure has successfully transited from USD LIBOR to Secured Overnight Funding Rate ("SOFR") during the IBOR transition.

5 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Foreign currency risk

The financial assets and financial liabilities of the Group are mainly denominated in HK$, Renminbi ("RMB") and United States Dollars ("US$"). An entity is exposed to foreign exchange risk when the financial assets and financial liabilities are denominated in currencies other than the functional currency.

As at 31 December 2023 and 2022, the majority of the financial assets and liabilities held by the Company and its subsidiaries with RMB as functional currency are denominated in RMB. As a result, the Group only exposed to foreign currency risk arising from its RMB exposures held by the Company and its subsidiaries with HK$ as the functional currency, as HK$ is pegged to US$ with no significant foreign currency risk exposed.

The following table shows the Group's RMB exposures held by the Company and subsidiaries with HK$ as its functional currency, that expose the Group to foreign currency risk:

	31 December 2023 HK$'000	31 December 2022 HK$'000
Financial assets		
Cash and balances with central banks	13,105,795	19,757
Deposits with banks and financial institutions	7,220,487	793,922
Placements with banks and financial institutions	3,644,763	1,008,750
Financial investments		
• Financial assets at fair value through profit or loss	1,528,945	1,388,015
• Financial assets at fair value through other comprehensive income	15,394,536	14,941,138
Trade receivables	6,452	2,031
Loans and advances to customers	17,651,613	6,097,911
Other assets	530,300	34,238
Total	59,082,891	24,285,762
Financial liabilities		
Placements from banks and financial institutions	4,092,673	1,059,187
Accounts payable	63,330	115,113
Due to customers	33,030,292	21,394,343
Other liabilities	1,886,273	1,566,880
Total	39,072,568	24,135,523
Net foreign currency positions	20,010,323	150,239

5 **FINANCIAL RISK MANAGEMENT (continued)**

Market risk (continued)

Foreign currency risk (continued)

The following table indicates the approximate changes in the Group's profit/loss before tax and investment revaluation reserve in response to possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

	31 December 2023			31 December 2022		
	Appreciation/ depreciation of foreign currency	Effect on profit before tax HK$'000	Effect on investment revaluation reserve HK$'000	Appreciation/ depreciation of foreign currency	Effect on profit before tax HK$'000	Effect on investment revaluation reserve HK$'000
RMB	+10%	2,001,032	1,539,454	+10%	(1,479,090)	1,494,114
	-10%	(2,001,032)	(1,539,454)	-10%	1,479,090	(1,494,114)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the Group entities' exposure to currency risk for monetary assets and liabilities in existence at that date, and that all other variables, in particular interest rates, remain constant. Effects of changes in foreign exchange rates on non-monetary financial investments are included in equity price risk.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of next annual reporting period.

Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' profit/loss before tax measured in the respective functional currencies, translated into HK$ at the exchange rate ruling at the end of the reporting period for presentation purposes. The analysis is performed on the same basis for prior year.

Equity price risk

As at 31 December 2023 and 31 December 2022, the Group is exposed to equity price risk through its financial assets and financial liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income.

The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risks are mainly concentrated on equity instruments quoted in the market. In addition, the management monitors the price risk and will consider hedging the risk exposure should the need arise.

5 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Equity price risk (continued)

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date. If the prices of the respective equity investments had been 10% (2022: 10%) higher/lower, assuming all other variables were held constant, the impact would be:

- Profit before tax for the year ended 31 December 2023 would increase/decrease by approximately HK$4,614,076,000 (2022: loss before tax would increase/decrease by approximately HK$4,486,760,000) as a result of the changes in fair value of financial assets and financial liabilities at fair value through profit or loss; and
- investment revaluation reserve would increase/decrease by approximately HK$2,561,000 (2022: HK$2,184,000) as a result of the changes in fair value of financial assets at fair value through other comprehensive income.

The sensitivity analysis indicates the instantaneous change in the Group's profit before tax and equity that would arise assuming the changes in the relevant stock price had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the reporting date.

Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due. This may arise from cash flows or maturity mismatches of assets and liabilities.

The Group manages its liquidity risk by:

- optimising assets and liabilities structure;
- implementing a centralised liquidity management system by pooling Group-wide funds and maintaining an efficient internal fund transfer mechanism within the Group; and
- regularly performing quantitative analysis.

The tables below present the cash flows of financial assets and financial liabilities by remaining contractual maturity at the end of each reporting period and undiscounted contractual cash flows of financial liabilities.

5 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Liquidity risk(continued)

Maturity analysis

The tables below present the cash flows by remaining contractual maturity at the end of each reporting period.

	31 December 2023							
	Past due/ undated HK$'000	On demand HK$'000	Less than 1 month HK$'000	1 - 3 months HK$'000	3 - 12 months HK$'000	1 - 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Financial assets								
Cash and balances with central banks	-	16,755,556	-	-	-	-	-	16,755,556
Deposits with banks and financial institutions	-	19,466,742	-	468,939	327,626	-	-	20,263,307
Placements with banks and financial institutions	-	-	22,508,950	1,545,669	727,600	-	-	24,782,219
Financial investments:								
- Financial assets at fair value through profit and loss	46,528,783	-	2,142,319	4,311,115	2,531,103	4,105,556	-	59,618,876
- Financial assets at fair value through other comprehensive income	18,799	8,298,415	22,137,768	56,109,475	80,534,594	-	25,607	167,124,658
- Financial assets at amortised cost	-	2,746,773	1,596,153	1,951,347	1,002,380	-	-	7,296,653
Trade receivables	141,225	86,311	959	658	368	85	21,115	250,721
Loans and advances to customers	4,144,550	47,705,450	10,467,277	17,712,738	66,005,150	111,183,131	45,894,136	303,112,432
Loans granted under repurchase agreements	-	-	2,799,097	-	-	-	-	2,799,097
Other financial assets	474,950	2,579,418	-	-	557,855	2,397,237	-	6,009,460
	51,308,307	97,638,665	61,652,523	82,099,941	151,686,676	117,686,009	45,940,858	608,012,979

5 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Liquidity risk(continued)

Maturity analysis(continued)

	31 December 2023							
	Past due/ undated HK$'000	On demand HK$'000	Less than 1 month HK$'000	1 - 3 months HK$'000	3 - 12 months HK$'000	1 - 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Financial liabilities								
Bank and other borrowings	-	-	6,436,074	6,083,299	9,721,707	24,579,880	4,244,062	51,065,022
Placements from banks and financial institutions	11,698,900	-	-	-	-	-	-	11,698,900
Financial liabilities at fair value through profit or loss	-	150,952	5,724,137	997,115	1,846,917	185,634	24,648	8,929,403
Financial assets sold under repurchase agreements	-	-	13,936,935	2,719,957	5,603,669	-	-	22,260,561
Accounts payable	81,136	224,552	1,673	3,577	36,300	23	10,629	357,890
Bonds issued	-	-	4,342,765	9,379,771	11,201,092	49,602,823	44,234,373	118,760,824
Due to customers	-	98,812,017	73,040,703	116,450,245	99,854,676	9,313,575	-	397,471,216
Deposits from banks and financial institutions	19,484,625	-	-	-	-	-	-	19,484,625
Other financial liabilities	5,373,383	-	-	-	-	-	-	5,373,383
	36,638,044	99,187,521	103,482,287	135,633,964	128,264,361	83,681,935	48,513,712	635,401,824

5 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Liquidity risk(continued)

Maturity analysis(continued)

	31 December 2022							
	Past due/ undated HK$'000	On demand HK$'000	Less than 1 month HK$'000	1 - 3 months HK$'000	3 - 12 months HK$'000	1 - 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Financial assets								
Cash and balances with central banks	11,691,665	6,917,915	-	-	-	-	-	18,609,580
Deposits with banks and financial institutions	-	15,840,691	3,341,374	1,129,092	49,257	-	-	20,360,414
Placements with banks and financial institutions	-	-	33,442,835	4,053,903	1,041,441	-	-	38,538,179
Financial investments:								
- Financial assets at fair value through profit and loss	42,778,368	427,442	1,250,836	4,858,336	7,139,206	2,937,030	956,136	60,347,354
- Financial assets at fair value through other comprehensive income	83,659	-	2,202,795	13,507,034	27,701,492	93,097,650	1,500,465	138,093,095
- Financial assets at amortised cost	-	-	2,333,947	-	9,445,618	1,450,124	-	13,229,689
Trade receivables	138,037	20,400	43,683	19,770	44,058	7,965	-	273,913
Loans and advances to customers	7,039,638	27,215,444	12,484,812	19,074,326	64,448,928	120,017,226	54,162,329	304,442,703
Loans granted under repurchase agreements	-	-	4,566,364	-	-	-	-	4,566,364
Other financial assets	4,397,761	887,773	767,096	460	2,292	6,199	-	6,061,581
	66,129,128	51,309,665	60,433,742	42,642,921	109,872,292	217,516,194	56,618,930	604,522,872

5 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Liquidity risk(continued)

Maturity analysis(continued)

	31 December 2022							
	Past due/ undated HK$'000	On demand HK$'000	Less than 1 month HK$'000	1 - 3 months HK$'000	3 - 12 months HK$'000	1 - 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Financial liabilities								
Bank and other borrowings	-	2,170,687	5,486,310	4,651,243	3,792,834	20,611,160	161,679	36,873,913
Placements from banks and financial institutions	-	13,685	4,387,136	382,326	2,925,724	-	-	7,708,871
Financial liabilities at fair value through profit or loss	-	3,560,060	5,242,345	929,990	1,683,524	302,945	-	11,718,864
Financial assets sold under repurchase agreements	-	2,000,000	12,443,537	7,632,658	12,158,363	-	-	34,234,558
Accounts payable	3,586	310,200	68,929	3	212,471	3,636	25,001	623,826
Bonds issued	-	-	111,762	17,903,150	11,021,850	62,718,068	41,326,451	133,081,281
Due to customers	-	125,678,166	50,477,133	100,749,550	92,915,504	9,187,524	-	379,007,877
Deposits from banks and financial institutions	-	3,104,525	678,127	3,664,047	4,556,550	4,321,837	-	16,325,086
Other financial liabilities	1,021,566	333,562	105,913	2,350	1,039,195	6,118	600	2,509,304
	1,025,152	137,170,885	79,001,192	135,915,317	130,306,015	97,151,288	41,513,731	622,083,580

5 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Liquidity risk(continued)

Maturity analysis(continued)

The amounts disclosed in the tables are the undiscounted contractual cash flows of financial liabilities.

	31 December 2023							
	Past due/ undated HK$'000	On demand HK$'000	Less than 1 month HK$'000	1 - 3 months HK$'000	3 - 12 months HK$'000	1 - 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Financial liabilities								
Bank and other borrowings	-	-	6,651,386	6,595,012	11,392,523	27,213,165	4,388,151	56,240,237
Placements from banks and financial institutions	-	9	4,887,808	5,795,934	3,189,515	-	-	13,873,266
Financial liabilities at fair value through profit or loss	-	1,944,010	3,931,079	997,115	1,846,917	185,634	24,648	8,929,403
Financial assets sold under repurchase agreements	-	-	16,003,790	5,749,589	2,815,608	-	-	24,568,987
Accounts payable	81,136	224,552	1,673	3,577	36,300	23	10,630	357,891
Bonds issued	-	-	-	7,102,110	6,712,828	10,727,756	27,123,524	51,666,218
Due to customers	-	-	171,832,463	117,087,688	99,854,676	9,348,575	-	398,123,402
Deposits from banks and financial institutions	19,484,625	-	-	-	-	-	-	19,484,625
Other financial liabilities	-	5,969,580	-	-	-	-	-	5,969,580
	19,565,761	8,138,151	203,308,199	143,331,025	125,848,367	47,475,153	31,546,953	579,213,609

5 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Liquidity risk(continued)

Maturity analysis(continued)

	31 December 2022							
	Past due/ undated HK$'000	On demand HK$'000	Less than 1 month HK$'000	1 - 3 months HK$'000	3 - 12 months HK$'000	1 - 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Financial liabilities								
Bank and other borrowings	-	2,172,063	5,599,484	4,850,893	5,400,711	22,862,080	170,016	41,055,247
Placements from banks and financial institutions	-	13,685	5,755,054	1,307,452	4,468,524	-	-	11,544,715
Financial liabilities at fair value through profit or loss	-	3,560,060	5,244,864	933,423	1,705,714	302,945	-	11,747,006
Financial assets sold under repurchase agreements	-	2,000,000	12,464,383	7,688,724	12,391,155	-	-	34,544,262
Accounts payable	3,586	310,200	68,929	3	212,471	3,636	25,001	623,826
Bonds issued	-	-	469,898	18,935,265	13,173,992	72,213,126	49,650,883	154,443,164
Due to customers	-	125,678,166	50,598,386	101,491,986	95,047,852	10,100,178	-	382,916,568
Deposits from banks and financial institutions	-	3,104,525	678,127	3,664,047	4,556,550	4,321,837	-	16,325,086
Other financial liabilities	1,021,566	333,562	105,913	2,350	1,039,195	6,118	600	2,509,304
	1,025,152	137,172,261	80,985,038	138,874,143	137,996,164	109,809,920	49,846,500	655,709,178

5 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Liquidity risk(continued)

Derivative cash flows

The tables below summarise the cash flows of the Group by remaining contractual maturity as at 31 December for derivative financial liabilities that will be settled on a net basis, together with all derivative financial instruments that will be settled on a gross basis regardless of whether the contract is in an asset or liability position. The amounts disclosed in the tables are the contractual undiscounted cash flows, except for certain derivatives which are disclosed at fair value.

The Group's derivative financial instruments that will be settled on a net basis mainly include interest rate swaps and foreign exchange options (non-deliverable) whereas derivative financial instruments that will be settled on a gross basis mainly include currency forwards and currency swaps.

	31 December 2023							
	Past due/ undated HK$'000	On demand HK$'000	Less than 1 month HK$'000	1 - 3 months HK$'000	3 - 12 months HK$'000	1 - 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Derivative financial liabilities settled on a net basis	-	-	(150,512)	(2,476)	(29,850)	(197,895)	(23,800)	(404,533)
Derivative financial instruments settled on a gross basis	-	-	-	-	-	-	-	-
Total inflow	-	-	64,131,730	20,833,288	6,462,970	-	-	91,427,988
Total outflow	-	-	(64,063,763)	(21,108,139)	(6,548,815)	-	-	(91,720,717)

5 FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Liquidity risk (continued)

Derivative cash flows (continued)

	31 December 2022							
	Past due/ undated HK$'000	On demand HK$'000	Less than 1 month HK$'000	1 - 3 months HK$'000	3 - 12 months HK$'000	1 - 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Derivative financial liabilities settled on a net basis	-	-	(145,405)	(15,601)	(25,500)	(154,965)	(2,103)	(343,574)
Derivative financial instruments settled on a gross basis	-	-	-	-	-	-	-	-
Total inflow	-	-	32,437,467	35,010,155	12,431,618	1,222,405	-	81,101,645
Total outflow	-	-	(32,355,245)	(34,840,363)	(12,506,074)	(1,222,405)	-	(80,924,087)

Off-balance sheet items

(i) Loan commitments

The contractual amounts of the Group's off-balance sheet financial instruments as at 31 December 2023 that the Group commits to extend credit to customers and other facilities totalled HK$150,323,594,000 (2022: HK$132,473,612,000). Those loan commitments can be drawn within one year.

(ii) Financial guarantees and other financial facilities

Financial guarantees and other financial facilities of the Group as at 31 December 2023 totalled HK$54,145,285,000 (2022: HK$59,934,940,000) are maturing no later than one year.

5 FINANCIAL RISK MANAGEMENT (continued)

Fair value measurements of financial instruments

This section 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 on a recurring basis

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 (in particular, the valuation technique(s) and key input(s) used) as well as the level of the fair value hierarchy into which the fair value measurement are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets/ financial liabilities	Fair values as at 31 December		Fair value hierarchy	Valuation technique(s) and key input(s)
	2023 HK$'000	2022 HK$'000		
Financial assets at fair value through other comprehensive income ("FVTOCI")				
1) Unlisted equity securities	25,606	21,844	Level 3	Market approach
2) Treasury bills	71,632,681	37,162,918	Level 1	Quoted bid prices in an active market
	-	22,853,346	Level2	Quoted market prices from dealers/brokers
3) Listed debt securities	24,591,058	2,240,342	Level 1	Quoted bid prices in an active market
	-	15,144,569	Level 2	Quoted market prices from dealers/brokers
4) Unlisted debt securities	70,875,313	60,670,076	Level 2	Quoted market prices from dealers/brokers

5 FINANCIAL RISK MANAGEMENT (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 on a recurring basis (continued)

Financial assets/ financial liabilities	Fair values as at 31 December		Fair value hierarchy	Valuation technique(s) and key input(s)
	2023 HK$'000	2022 HK$'000		
Financial assets at fair value through profit or loss ("FVTPL")				
1) Listed equity securities	2,726,799	4,241,241	Level 1	Quoted bid prices in an active market
2) Treasury bills	5,947,317	6,180,799	Level 2	Quoted market prices from dealers/brokers
3) Listed debt securities	1,249,143	2,355,865	Level 1	Quoted bid prices in an active market
	-	15,970	Level 2	Quoted market prices from dealers/brokers
	34,122	74,944	Level 3	Discounted cash flow model
4) Derivative financial instruments	362,784	332,977	Level 1	Quoted bid prices in an active market
	718,063	1,623,548	Level 2	Quoted market prices from dealers/brokers
	166,609	94,835	Level 3	Discounted cash flow model
5) Convertible bonds	172,539	222,072	Level 1	Quoted bid prices in an active market
	171,385	43,322	Level 3	Discounted cash flow model
6) Unlisted debt investments	4,449,617	2,248,496	Level 2	Quoted market prices from dealers/brokers
	-	120,959	Level 2	Recent transaction prices
	7,034	49,216	Level 3	Discounted cash flow model
7) Listed equity funds	-	280,989	Level 1	Quoted bid prices in an active market

5 FINANCIAL RISK MANAGEMENT (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 on a recurring basis (continued)

Financial assets/ financial liabilities	Fair values as at 31 December 2023 HK$'000	Fair values as at 31 December 2022 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets at FVTPL (continued)				
8) Unlisted equity funds	1,089,273	1,375,177	Level 2	Quoted net asset value
	400,078	2,490,555	Level 3	Residual method
	373,003	484,902	Level 3	Binomial model
	4,279,056	4,521,137	Level 3	Note (a)
	1,357,781	1,005,766	Level 3	Market approach
	2,302,848	1,442,102	Level 3	Discounted cash flow Model
	8,689,153	8,546,547	Level 3	Adjusted NAV
9) Unlisted equity securities	4,863,555	4,584,998	Level 3	Market approach
	11,048,276	11,925,422	Level 3	Note (b)
	9,047,918	3,801,291	Level 3	Note (c)
	-	412,406	Level 3	Discounted cash flow Model
10) Asset-backed securities	162,523	243,864	Level 1	Quoted bid prices in an active market
11) Wealth management products	-	1,627,954	Level 2	Recent transaction prices
12) Loans and advances	715,437	1,014,254	Level 2	Quoted market prices from dealers/ brokers
	-	139,074	Level 3	Note (a)
	7,176,442	10,516,403	Level 3	Discounted cash flow model
Financial liabilities at FVTPL				
1) Derivative financial instruments	-	137,959	Level 1	Quoted bid prices in an active market
	1,351,573	1,039,413	Level 2	Quoted market prices from dealers/brokers
2) Short positions in securities	1,793,057	3,422,134	Level 2	Quoted market prices from dealers/brokers
3) Exchange fund bills and notes	5,784,773	7,119,358	Level 2	Quoted market prices from dealers/brokers
4) Payables to interest holders of consolidated structured entities	785,450	-	Level 3	Note (c)
5) Precious metal lending	694,294	-	Level 2	Quoted market prices from dealers/brokers

5 FINANCIAL RISK MANAGEMENT (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 on a recurring basis (continued)

Notes:

(a) Unlisted equity funds and loans and advances

The fair value of these unlisted equity funds and loans and advances are determined with reference to quoted net asset value of the funds which are derived by the valuation of underlying investment properties. The valuation of underlying properties may be based on valuation techniques including residual method for property-development projects, and discounted cash flow model for property-rental projects. The unobservable inputs applied in these valuation techniques had significant impact on the valuation. Therefore, these instruments have been classified by the Group as Level 3.

(b) Unlisted equity securities

The fair value of these unlisted equity securities is derived by using residual method, estimating the estimated value of developed properties, net of estimated costs to develop. The unobservable inputs are the fair value of underlying properties. The relationship of the unobservable inputs to fair value is the higher the fair value of underlying properties, the higher the fair value of unlisted equity securities.

(c) Unlisted equity securities

The fair value of these equity securities of unlisted company is derived by using market approach, using market multiples and EBITDA of the unlisted company. Market multiple of 10.65x (2022: 10.85x) was used in the valuation model. The relationship of the unobservable input to fair value is the higher the market multiple, the higher the fair value.

If the market multiple used in the valuation model were 4% higher/lower while all the other variables were held constant, the carrying amount of the unlisted company would increase/decrease by HK$383,818,000 (2022: HK$286,342,000).

5 FINANCIAL RISK MANAGEMENT (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 on a recurring basis (continued)

The table below summarises valuation techniques which incorporates significant unobservable inputs, and relationship between unobservable inputs and fair value of financial assets/financial liabilities.

	31 December 2023		
Valuation technique	Significant unobservable inputs	Range	The relationship of unobservable inputs and fair value
Binomial model	Volatility	16.03% - 43.66%	The higher the volatility, the higher the fair value
Residual method	Fair value of underlying properties (average sales price)	HK$14,000 - 46,100 per square meter	The higher the average sales price of properties, the higher the fair value
Markel approach	Market multiples	0.65x - 30.06x	The higher the market multiples, the higher the fair value
	Discount for lack of marketability (DLOM)	8.64% - 20.74%	The lower of the DLOM, the higher the fair value
Discounted cash flow model	Discount rate	2.78% - 16.03%	The higher the discount rates, the lower the fair value

	31 December 2022		
Valuation technique	Significant unobservable inputs	Range	The relationship of unobservable inputs and fair value
Binomial model	Volatility	48.27% - 57.90%	The higher the volatility, the higher the fair value
Residual method	Fair value of underlying properties (average sales price)	HK$44,220 - 78,780 per square meter	The higher the average sales price of properties, the higher the fair value
Markel approach	Market multiples	3.77x - 11.35x	The higher the market multiples, the higher the fair value
	Discount for lack of marketability (DLOM)	12.56% - 32.50%	The lower of the DLOM, the higher the fair value
Discounted cash flow model	Discount rate	14.39% - 130.01%	The higher the discount rates, the lower the fair value

5 FINANCIAL RISK MANAGEMENT (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 on a recurring basis (continued)

There were no transfers between level 1 and level 2 in the period.

Reconciliation of Level 3 fair value measurements

	Trust products HK$'000	Unlisted equity funds HK$'000	Convertible bonds HK$'000	Loans and advances HK$'000	Unlisted equity securities HK$'000	Listed Debt securities HK$'000	Unlisted debt investments HK$'000	Derivative financial instruments HK$'000
At 1 January 2022	1,580,019	19,641,848	534,744	18,587,747	22,768,407	29,529	-	216,772
Recognized in profit/loss	(82,753)	(1,516,930)	(491,422)	(1,214,633)	(594,449)	(2,502)	-	-
Recognized in other comprehensive income	-	-	-	-	28,089	-	-	-
Transfer from Level 2	-	-	-	-	-	-	49,216	-
Transfer from Level 1	-	-	-	-	-	74,944	-	-
Transfer to Level 2	-	-	-	-	(149,233)	-	-	-
Addition	-	2,272,206	-	125,341,884	-	-	-	94,835
Disposal/lapsed	(1,497,266)	(1,906,115)	-	(132,059,521)	(1,306,853)	-	-	(216,772)
At 31 December 2022 and 1 January 2023	-	18,491,009	43,322	10,655,477	20,745,961	101,971	49,216	94,835
Changes in unrealized gains or losses for the year included in profit or loss for assets held at the end of the year	-	83,903	3,663	(24,377)	618,416	-	-	-
Recognized in profit/loss	-	658,085	(924)	(136,507)	769,809	22,336	(42,182)	71,774
Recognized in other comprehensive income	-	-	-	-	3,762	-	-	-
Transfer from Level 2	-	-	-	-	-	-	-	-
Transfer from Level 1	-	-	-	-	-	-	-	-
Transfer to Level 2	-	-	-	-	-	-	-	-
Addition	-	2,778,721	165,523	151,698,221	6,546,029	-	-	-
Disposal/lapsed	-	(4,525,896)	(36,536)	(155,040,749)	(3,080,206)	(90,185)	-	-
At 31 December 2023	-	17,401,919	171,385	7,176,442	24,985,355	34,122	7,034	166,609
Changes in unrealized gains or losses for the year included in profit or loss for assets held at the end of the year	-	698,047	23,093	(251,544)	1,797,453	55,347	(26,317)	52,548

5 FINANCIAL RISK MANAGEMENT (continued)

Fair value measurements of financial instruments (continued)

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group may engage third party qualified valuers to perform the valuation. The Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities are disclosed above.

Fair value estimates are made at a specific point in time based on relevant market information and information about various financial instruments. The following methods and assumptions have been used to estimate the fair value of each class of financial instrument as far as practicable.

Deposits with/from banks and other financial institutions

Substantially all the financial assets and liabilities mature within one year from the balance sheet date and their carrying value approximates fair value.

Loans granted under repurchase agreements

Substantially all the loans granted under repurchase agreements mature within one year from the balance sheet date and their carrying value approximates fair value.

Loans and advances to customers at amortised cost

Substantially all the loans and advances to customers are on floating rate terms, bear interest at prevailing market interest rates and their carrying value approximates fair value.

Due to customers

Substantially all the deposits from customers mature within one year from the balance sheet date and their carrying value approximates fair value.

Bonds issued

The fair value of bonds issued is determined by using the same approach as those debt instruments measured at fair value.

Debt instruments at amortised cost

The fair value of debt instruments at amortised cost is determined by using the same approach as those debt instruments measured at fair value as described above.

5 FINANCIAL RISK MANAGEMENT (continued)

Fair value measurements of financial instruments (continued)

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (continued)

The following tables set out the carrying values and fair values of the financial instruments not measured at fair value, except for those which their carrying values recognised in the consolidated financial statements approximate their fair values.

	31 December 2023		31 December 2022	
	Carrying value HK$'000	Fair value HK$'000	Carrying value HK$'000	Fair value HK$'000
Financial asset				
Financial assets at amortised cost	7,296,653	7,275,390	13,229,689	13,151,875
Financial liability				
Bonds issued	118,760,824	107,800,439	133,081,281	124,478,009

The following tables show the fair value hierarchy for financial instruments with fair values disclosed.

	31 December 2023			
	Level 1 HK$'000	Level2 HK$'000	Level3 HK$'000	Total HK$'000
Financial asset				
Financial assets at amortised cost	25,215	7,250,175	-	7,275,390
Financial liability				
Bonds issued	-	88,250,183	19,550,256	107,800,439

	31 December 2022			
	Level 1 HK$'000	Level2 HK$'000	Level3 HK$'000	Total HK$'000
Financial asset				
Financial assets at amortised cost	10,280,213	2,871,662	-	13,151,875
Financial liability				
Bonds issued	-	119,884,194	4,593,815	124,478,009

5 FINANCIAL RISK MANAGEMENT (continued)

Fair value measurements of non-financial instruments

(iii) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its non-financial assets into the three levels prescribed under the accounting standards.

At 31 December 2023	Notes	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Investment properties		-	12,600	2,884,111	2,896,711
Land and buildings		-	3,431,405	4,630,825	8,062,230
Other assets- Precious metals	33	105,937	178,329	-	284,266
Total non-financial assets		105,937	3,622,334	7,514,936	11,243,207

At 31 December 2022	Notes	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Investment properties		-	13,400	3,052,269	3,065,669
Land and buildings		-	1,270,902	6,853,618	8,124,520
Other assets- Precious metals	33	107,312	201,222	-	308,534
Total non-financial assets		107,312	1,485,524	9,905,887	11,498,723

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no non-financial asset transfers between levels 1 and levels 2 for the Group during the year (2022:Nil).

(iv) Valuation techniques used to determine level 2 and level 3 fair values

The Group obtains independent valuations for its investment properties at least annually and for its land and buildings (classified as property, plant and equipment) at least every three years.

At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information from a variety of sources including:

- current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based on a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

5 FINANCIAL RISK MANAGEMENT (continued)

Fair value measurements of non-financial instruments (continued)

(v) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 December 2022 and 31 December 2023 for recurring fair value measurements:

	Investment properties HK$'000	Land and buildings HK$'000	Total HK$'000
Opening balance as at 1 January 2022	2,914,668	7,138,080	10,052,748
Additions	-	66,126	66,126
Disposals	-	(16,918)	(16,918)
Transfer in (out)	-	305,900	305,900
Reclassification	238,450	(238,450)	-
Amounts recognised in profit or loss	(51,503)	(2,989)	(54,492)
Depreciation and impairment	-	(146,960)	(146,960)
Gains recognised in other income *	-	-	-
Gains recognised in other comprehensive income	-	(159,168)	(159,168)
Exchange difference	(49,346)	(92,003)	(141,349)
Closing balance as at 31 December 2022	3,052,269	6,853,618	9,905,887
Opening balance as at 1 January 2023	3,052,269	6,853,618	9,905,887
Additions	-	30,342	30,342
Disposals	-	-	-
Transfer in (out)	-	(2,242,027)	(2,242,027)
Reclassification	(144,300)	144,300	-
Amounts recognised in profit or loss	(16,023)	(1,846)	(17,869)
Depreciation and impairment	-	(144,511)	(144,511)
Gains recognised in other income *	-	-	-
Gains recognised in other comprehensive income	-	9,489	9,489
Exchange difference	(7,835)	(18,540)	(26,375)
Closing balance as at 31 December 2023	2,884,111	4,630,825	7,514,936
Includes unrealised gains or (losses) recognised in profit or loss attributable to balances held at the end of the reporting period			
2023	(16,023)	(1,846)	(17,869)
2022	(51,503)	(2,989)	(54,492)

5 FINANCIAL RISK MANAGEMENT (continued)

Fair value measurements of non-financial instruments (continued)

(vi) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements (see (ii) above for the valuation techniques adopted):

Description	Fair value at 31 December 2023 HK$'000	Fair value at 31 December 2022 HK$'000	Unobservable inputs*	Range of inputs (probability-weighted average) 2023	Range of inputs (probability-weighted average) 2022	Relationship of unobservable inputs to fair value
			Term yield	1.8% - 4%(2.9%)	1.8% - 3.9%(2.85%)	The higher the term yield and Reversionary yields, the lower the fair value
Investment properties	2,884,111	3,052,269	Reversionary yields	2.2% - 3.3%(2.75%)	2.2% - 3.0%(2.6%)	
			Capitalisation rate	2.7% - 5.5%(4.1%)	4.8% - 5.1%(4.95%)	The higher the Capitalisation rate, the lower the fair value
Land and buildings	4,630,825	6,853,618	Capitalisation rate	2.7% - 5.5%(4.1%)	4.8% - 5.1%(4.95%)	The higher the Capitalisation rate, the lower the fair value

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

(vii) Valuation processes

The Group engages external, independent and qualified valuers to determine the fair value of the group's investment properties and the land and buildings at the end of every financial year. As at 31 December 2023, the fair values of the investment properties and the land and buildings have been determined by Jones Lang LaSalle Limited, Vincorn Consulting and Appraisal Limited, Zhejiang Tianping Real Estate Asset Appraisal Limited and Shenzhen Pengxin Assets Appraisal Land and Real Estate Appraisal Company Limited.

The main level 3 inputs used by the group are derived and evaluated as follows:

- Investment properties – terminal yields, reversionary yields and capitalisation rate are estimated by Jones Lang LaSalle Limited, Vincorn Consulting and Appraisal Limited, Zhejiang Tianping Real Estate Asset Appraisal Limited and Shenzhen Pengxin Assets Appraisal Land and Real Estate Appraisal Company Limited or management based on comparable transactions and rental data.
- Land and buildings – capitalisation rate is estimated by Jones Lang LaSalle Limited and Shenzhen Pengxin Assets Appraisal Land and Real Estate Appraisal Company Limited or management based on comparable transactions and rental data.

6 INTEREST INCOME

	2023 HK$'000	2022 HK$'000
Loans and advances to customers		
- Corporate and personal loans and advances	15,095,729	10,548,580
Financial investments at amortised cost	551,642	147,713
Deposits with banks and financial institutions	496,758	495,527
Placements with banks and financial institutions	945,510	550,308
Balance with central banks	109,367	122,873
Loans granted under repurchase agreements	30,501	20,620
Others	17,418	17,882
	17,246,925	11,903,503

7 NET GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 HK$'000	2022 HK$'000
Net gains on disposal of financial investments at fair value through profit or loss	264,467	(573,503)
Net gains from changes in fair value of financial investments at fair value through profit or loss	3,045,875	64,186
Dividend income from financial assets at fair value through profit or loss	894,935	1,112,746
	4,205,277	603,429

8 INVESTMENT INCOME

	2023 HK$'000	2022 HK$'000
Net realised gains from disposal of financial assets at fair value through other comprehensive income	292,672	256,875
Interest income from financial assets at fair value through other comprehensive income	5,027,949	3,111,461
Dividend income from financial assets at fair value through other comprehensive income	1,467	1,705
Others	(64,395)	(18,684)
	5,257,693	3,351,357

9 REVENUE FROM SALES OF INVENTORIES AND PURCHASES AND CHANGES IN INVENTORIES

	2023 HK$'000	2022 HK$'000
Revenue from sales of inventories	550,551	-
Purchases and changes in inventories	(593,802)	-
Including:		
Revenue from sales of properties held for sale	550,551	-
Purchases and changes in properties held for sale	(593,802)	-
Gross loss from sales of properties	(43,251)	-

10 COMMISSION AND FEE INCOME

	2023 HK$'000	2022 HK$'000
Revenue from contract with customers:		
- Loan commissions	419,668	490,171
- Securities brokerage	149,265	184,986
- Consultancy and financial advisory	4,229	1,069
- Fund and asset management business	91,899	90,249
- Insurance commissions	364,931	170,202
- Banking business	312,330	318,459
- Others	149,176	142,685
	1,491,498	1,397,821

11 OTHER INCOME AND GAINS, NET

	2023 HK$'000	2022 HK$'000
Net foreign exchange gains	29,403	405,433
Net losses on disposal of subsidiaries (Note 49)	-	(121,937)
Net losses arising from financial liabilities at fair value through profit or loss	(249,246)	(77,715)
Net losses from disposal of and fair value changes of investment properties	(17,239)	(54,741)
Rental income	345,912	354,646
Others	79,565	174,268
	188,395	679,954

12 INTEREST EXPENSE

	2023 HK$'000	2022 HK$'000
Borrowings		
- Wholly repayable within five years	1,182,193	452,536
- Not wholly repayable within five years	1,214,312	1,107,031
Bonds issued	4,684,434	5,129,212
Due to customers	10,885,713	5,374,122
Deposits from banks and financial institutions	414,977	381,296
Financial assets sold under repurchase agreements	1,137,603	438,690
Placements from banks and financial institutions	396,882	159,744
Lease liabilities	33,337	32,524
Others	9,556	211
	19,959,007	13,075,366

13 OTHER OPERATING EXPENSES

	2023 HK$'000	2022 HK$'000
Staff cost (including directors' remuneration)		
- Salaries and allowances	1,847,064	1,941,870
- Defined contribution plans	221	250
- Defined benefit schemes	5,600	7,080
Operating leases payments	55,338	66,068
Outsourcing activities fee	441,273	377,627
Business tax and surcharges	63,916	68,737
Depreciation of property, plant and equipment	313,875	533,999
Amortisation of right-of-use assets	260,557	270,908
Legal and professional fees	56,757	93,406
Auditor's remuneration	13,017	17,354
Amortisation of intangible assets	320,229	311,411
Others	963,906	844,431
	4,341,753	4,533,141

14 CREDIT IMPAIRMENT LOSSES

	2023 HK$'000	2022 HK$'000
Charge of impairment losses on:		
- Financial assets at fair value through other comprehensive income	(46,362)	176,908
- Other financial investments	(541)	226,217
- Balances with banks and other financial institutions	114	2,320
- Loans and advances to customers	3,192,533	1,623,259
- Other assets	14,190	161,773
- Trade receivables	(4,467)	64,630
- Financial guarantees and loan commitments	(80,769)	(80,218)
	3,074,698	2,174,889

15 ASSET IMPAIRMENT LOSSES

	2023 HK$'000	2022 HK$'000
Charge of impairment losses on:		
- Interests in associates	255,748	338,896
- Goodwill	708,030	-
	963,778	338,896

16 INCOME TAX EXPENSE

	2023 HK$'000	2022 HK$'000
Current tax - Hong Kong		
- Charge for current year	479,600	484,794
- Over-provision in prior year	(26,747)	(12,591)
Current tax - PRC		
- Charge for current year	115,812	210,249
- Over-provision in prior year	27,719	(434)
Current tax - Overseas		
- Charge for current year	(7,457)	67,765
Deferred tax		
- Hong Kong profits tax	(290,842)	(79,758)
- PRC enterprise income tax	137,821	(41,128)
- Overseas taxation	16,264	1,547
	452,170	630,444

A reconciliation between tax expense and accounting profit at applicable domestic tax rates in each individual jurisdiction where the Company and its subsidiaries operate is as follows:

	2023 HK$'000	2022 HK$'000
Profit before tax	677,452	356,526
Tax at the Hong Kong profits tax rate at 16.5% (2022: 16.5%)	111,780	58,827
Effect of different tax rates in other countries	700,587	13,337
Income not subject to tax	(492,382)	(409,612)
Expenses not deductible for tax	60,391	955,779
Tax losses not recognised	328,333	40,511
Utilisation of previously unrecognised tax losses	(188,302)	(4,201)
Over-provision in prior years	972	(13,025)
Foreign withholding tax	1,459	65,864
Adjustment in respect of the distribution payment for other equity instruments issued by a subsidiary	(70,668)	(77,036)
Income tax expense	452,170	630,444

The Group has tax losses of HK$1,143,910,000 (2022: HK$1,641,596,000) that are available indefinitely for offsetting against its future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised in the relevant tax jurisdiction and entity.

16 INCOME TAX EXPENSE (continued)

(i) OECD Pillar Two model rules

The Organisation for Economic Co-operation and Development ("OECD") published Pillar Two model rules in December 2021, with the effect that a jurisdiction may enact domestic tax laws ("Pillar Two legislation") to implement the Pillar Two model rules on a globally agreed common approach. Pillar Two legislation applies to a member of a multinational group within the scope of the Pillar Two model rules, which the Group is reasonably expected to fall into. It imposes a top-up tax on profits arising in a jurisdiction whenever the effective tax rate determined by the Pillar Two model rules on a jurisdictional basis is below a minimum rate of 15%.

The Group has reviewed its corporate structure in light of the introduction of Pillar Two model rules in various jurisdictions and assessed its tax exposure. As at 31 December 2023, the Group mainly operates in the Hong Kong and Mainland of China, in which exposures to Pillar Two income taxes might exist in the future. The Hong Kong SAR Government has announced their intention to introduce Pillar Two legislation and a Qualified Domestic Minimum Top-up Tax ('QDMTT') from year 2025.

Under these rules, a top-up tax liability arises where the effective tax rate of the Group's operations in a jurisdiction, calculated based on principles set out in the OECD's Pillar Two model rules, is below 15%. Any additional tax arising in relation to jurisdictions in which a QDMTT applies will be payable to the tax authority in that jurisdiction. The Hong Kong QDMTT is expected to be effective from 1 January 2025.

Besides, certain subsidiaries of the Company are located in jurisdictions mainly including United Kingdom and Ireland where Pillar Two legislation had been enacted or substantively enacted, but not yet in effect; it is estimated that the Group's income tax would not be materially different should those legislation had been in effect for the year ended 31 December 2023. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 issued in July 2023.

Since none of the Pillar Two legislation relevant to the Group has come into effect, the Group does not recognize any relevant current tax or deferred tax for the year ended 31 December 2023.

17 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefit of Directors) Regulation, is as follows:

	31 December 2023 HK$'000	31 December 2022 HK$'000
Directors' emoluments:		
- Fees	-	-
- Salaries and other benefits	5,930	5,797
- Bonus	-	68
- Retirement benefits schemes contributions	-	-
	5,930	5,865

18 CASH AND BALANCES WITH CENTRAL BANKS

	31 December 2023 HK$'000	31 December 2022 HK$'000
Cash	575,908	590,013
Mandatory reserve deposits with central banks (i)	6,451,734	7,226,530
Surplus reserve deposits with central banks	7,139,450	4,461,550
Other deposits with central banks	2,588,464	6,331,487
	16,755,556	18,609,580
Including:		
Restricted – Balances with central banks	6,451,734	7,226,530

Note:

(i) In accordance with relevant regulations, NCB, a subsidiary of banking operations, is required to place mandatory reserve deposits with the People's Bank of China (the "PBOC") for customer deposits in both RMB and foreign currencies. As at 31 December 2023, the mandatory deposits were calculated at 7% (As at 31 December 2022: 7.5%) of customer deposits denominated in RMB and 4% (As at 31 December 2022: 6%) of customer deposits denominated in foreign currencies. Mandatory reserve deposits are not available for use by the Group in its daily operations.

19 DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

	31 December 2023 HK$'000	31 December 2022 HK$'000
Deposits with banks	17,179,220	15,460,611
Deposits with other financial institutions	3,039,727	4,891,841
Interest receivable	44,517	7,999
Subtotal	20,263,464	20,360,451
Less: Allowance for impairment losses	(157)	(37)
Total	20,263,307	20,360,414

As at 31 December 2023, the deposits with banks and other financial institutions bore interest from 0.01% to 5.74% (2022: 0.01% to 5.37%) per annum.

As at 31 December 2023 and 2022, the Group's Deposits with banks and financial institutions were all in Stage 1.

20 PLACEMENTS WITH BANKS AND FINANCIAL INSTITUTIONS

	31 December 2023 HK$'000	31 December 2022 HK$'000
Placements with banks	22,423,866	36,306,571
Placements with financial institutions	2,340,491	2,139,612
Interest receivable	37,341	96,405
Subtotal	24,801,698	38,542,588
Less: Allowance for impairment losses	(19,479)	(4,409)
Total	24,782,219	38,538,179

As at 31 December 2023 and 2022, the Group's Placements with banks and financial institutions were all in Stage 1.

21 FINANCIAL INVESTMENTS

	31 December 2023 HK$'000	31 December 2022 HK$'000
Financial assets at fair value through profit or loss (note (a))	59,618,876	60,347,354
Financial assets at fair value through other comprehensive income (note (b))	167,124,658	138,093,095
Financial assets at amortised cost (note (c))	7,296,653	13,229,689
	234,040,187	211,670,138

Notes:

(a) Financial assets at fair value through profit or loss

	31 December 2023 HK$'000	31 December 2022 HK$'000
Listed equity investments	2,726,799	4,241,241
Treasury bills	5,947,317	6,180,799
Listed debt securities	1,283,265	2,446,779
Derivatives financial instruments (Note 22)	1,247,456	2,051,360
Convertible bonds	343,924	265,394
Unlisted debt investments	4,456,651	2,418,671
Listed equity funds	-	280,989
Unlisted equity funds	18,491,192	19,866,186
Unlisted equity securities	24,959,749	20,724,117
Asset-backed securities	162,523	243,864
Wealth management products	-	1,627,954
	59,618,876	60,347,354

21 FINANCIAL INVESTMENTS (continued)

Notes: (continued)

(b) Financial assets at fair value through other comprehensive income

	31 December 2023 HK$'000	31 December 2022 HK$'000
Treasury bills	71,632,681	60,016,264
Listed debt securities	24,591,058	17,384,911
Unlisted debt securities	70,875,313	60,670,076
Unlisted equity securities	25,606	21,844
	167,124,658	138,093,095

An analysis of changes in the corresponding impairment allowances of financial investments at fair value through other comprehensive income is, as follows:

	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
At 1 January 2023	(99,542)	-	(182,129)	(281,671)
Addition	(30,161)	-	-	(30,161)
Derecognised or repaid (excluding written off)	14,240	-	-	14,240
Changes to inputs used for impairment calculations	37,697	-	262	37,959
Written off	-	-	182,734	182,734
Exchange difference	251	-	(867)	(616)
At 31 December 2023	(77,515)	-	-	(77,515)

	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
At 1 January 2022	(97,269)	-	(182,098)	(279,367)
Addition	(23,587)	-	-	(23,587)
Derecognised or repaid (excluding written off)	28,483	-	-	28,483
Changes to inputs used for impairment calculations	(8,179)	-	(1,246)	(9,425)
Exchange difference	1,010	-	1,215	2,225
At 31 December 2022	(99,542)	-	(182,129)	(281,671)

21 FINANCIAL INVESTMENTS (continued)

Notes: (continued)

(c) Financial assets at amortised cost

	31 December 2023 HK$'000	31 December 2022 HK$'000
Debt securities	7,297,376	13,230,953
Less: Allowances for impairment losses	(723)	(1,264)
	7,296,653	13,229,689

Debt securities are as follows:

	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
As at 31 December 2023				
Gross debt securities	7,297,376	-	-	7,297,376
Less: Allowance for impairment losses	(723)	-	-	(723)
Net debt assets	7,296,653	-	-	7,296,653

The movements of allowance for debt securities in the year of 2023 are as follows:

	31 December 2023			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
As at 1 January	(1,264)	-	-	(1,264)
Impairment losses recognized	402	-	-	402
Exchange rate impact	139	-	-	139
As at 31 December	(723)	-	-	(723)

21 FINANCIAL INVESTMENTS (continued)

Notes: (continued)

(c) Financial assets at amortised cost (continued)

Debt securities are as follows:

	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
As at 31 December 2022				
Gross debt securities	13,230,953	-	-	13,230,953
Less: Allowance for impairment losses	(1,264)	-	-	(1,264)
Net debt assets	13,229,689	-	-	13,229,689

The movements of allowance for debt securities in the year of 2022 are as follows:

	31 December 2022			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
As at 1 January	-	-	-	-
Impairment losses recognized	(1,221)	-	-	(1,221)
Exchange rate impact	(43)	-	-	(43)
As at 31 December	(1,264)	-	-	(1,264)

22 DERIVATIVE FINANCIAL INSTRUMENTS

(a) Derivative financial instruments

	31 December 2023			31 December 2022		
		Fair value			Fair value	
	Contractual/ Notional amount HK$'000	Assets HK$'000	Liabilities HK$'000	Contractual/ Notional amount HK$'000	Assets HK$'000	Liabilities HK$'000
Exchange rate derivatives						
Currency spots, forwards, and swaps, and cross-currency interest rate swaps	95,466,028	557,678	(1,019,547)	98,581,293	1,177,049	(777,889)
Currency options	1,455,639	85,602	(85,632)	2,801,886	174,012	(174,012)
	96,921,667	643,280	(1,105,179)	101,383,179	1,351,061	(951,901)
Interest rate derivatives	53,828,802	411,202	(239,719)	44,654,907	600,330	(224,562)
Equity derivatives	-	-	-	15,400	370	-
Commodity derivatives and others	1,077,348	192,974	(6,675)	627,513	99,599	(909)
	151,827,817	1,247,456	(1,351,573)	146,680,999	2,051,360	(1,177,372)

(b) Hedge accounting

Fair value hedges

The Group uses interest rate swaps to hedge against change in fair value of financial assets arising from movements in market interest rates.

The table below summarises the contract/notional amounts of the hedging instruments as at 31 December 2023 by remaining contractual maturity.

	31 December 2023					
	Up to 1 month HK$'000	1 to 3 months HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Interest rate swaps	-	-	3,336,089	5,504,704	1,416,934	10,257,727

	31 December 2022					
	Up to 1 month HK$'000	1 to 3 months HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Interest rate swaps	241,730	-	659,690	8,176,865	294,944	9,373,229

22 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(b) Hedge accounting (continued)

Fair value hedges (continued)

The amounts relating to items designated as hedging instruments are as follows:

	31 December 2023			
		Fair values		
	Contract/ notional amounts HK$'000	Assets HK$'000	Liabilities HK$'000	Change in fair value used for recognising hedge ineffectiveness HK$'000
Derivative financial instruments				
Interest rate swaps	10,257,727	213,335	(36,812)	-

	31 December 2022			
		Fair values		
	Contract/ notional amounts HK$'000	Assets HK$'000	Liabilities HK$'000	Change in fair value used for recognising hedge ineffectiveness HK$'000
Derivative financial instruments				
Interest rate swaps	9,373,229	391,718	(5,725)	-

The amounts relating to hedged items are as follows:

	31 December 2023		
	Carrying amounts HK$'000	Accumulated amount of fair value hedge adjustment included in the carrying amounts HK$'000	Change in value used for recognizing hedge ineffectiveness HK$'000
Financial investments			
Debt securities and certificates of deposit	10,028,108	(122,631)	-

	31 December 2022		
	Carrying amounts HK$'000	Accumulated amount of fair value hedge adjustment included in the carrying amounts HK$'000	Change in value used for recognizing hedge ineffectiveness HK$'000
Financial investments			
Debt securities and certificates of deposit	9,054,605	(315,747)	-

22 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(b) Hedge accounting (continued)

Fair value hedges (continued)

Hedge ineffectiveness recognised is as follows:

	2023 HK$'000	2022 HK$'000
Net trading gain	-	-

23 TRADE RECEIVABLES

	31 December 2023 HK$'000	31 December 2022 HK$'000
Accounts receivable from disposal of investments	99,712	164,080
Commission and fee receivable	27,515	46,589
Clearing settlements	25,756	13,860
Lease revenue receivable	17,013	54,336
Others	84,858	61,375
Less: Allowances for impairment losses	(4,133)	(66,327)
	250,721	273,913

24 LOANS AND ADVANCES TO CUSTOMERS

	31 December 2023 HK$'000	31 December 2022 HK$'000
At fair value through profit or loss:		
- Corporate loans and advances	7,891,879	11,669,731
At amortised cost:		
- Corporate loans and advances	249,274,551	240,817,317
- Personal loans and advances	50,866,820	56,057,862
	300,141,371	296,875,179
Gross loans and advances to customers	308,033,250	308,544,910
Less: Allowances for impairment losses (note)	(4,920,818)	(4,102,207)
Net loans and advances to customers	303,112,432	304,442,703

As at 31 December 2023, loans and advances to customers included accrued interest of HK$1,515,600,500 (2022: HK$913,138,000).

24 LOANS AND ADVANCES TO CUSTOMERS (continued)

The breakdown of ECL stages of loans and advances to customers measured at amortised cost was as follows:

	Stage 1 (12-month ECL) HK$'000	Stage 2 (Lifetime ECL) HK$'000	Stage 3 (Lifetime ECL - impaired) HK$'000	Total HK$'000
31 December 2023				
Gross loans and advances to customers measured at amortised cost	282,175,506	11,046,315	6,919,550	300,141,371
Less: Allowances for impairment losses (note)	(1,388,029)	(451,044)	(3,081,745)	(4,920,818)
Net loans and advances to customers measured at amortised cost	280,787,477	10,595,271	3,837,805	295,220,553

	Stage 1 (12-month ECL) HK$'000	Stage 2 (Lifetime ECL) HK$'000	Stage 3 (Lifetime ECL - impaired) HK$'000	Total HK$'000
31 December 2022				
Gross loans and advances to customers measured at amortised cost	284,529,531	7,421,582	4,924,066	296,875,179
Less: Allowances for impairment losses (note)	(1,395,207)	(522,732)	(2,184,268)	(4,102,207)
Net loans and advances to customers measured at amortised cost	283,134,324	6,898,850	2,739,798	292,772,972

24 LOANS AND ADVANCES TO CUSTOMERS (continued)

Note:

The movement in allowances for impairment losses was as follows:

	Stage 1 (12-month ECL) HK$'000	Stage 2 (Lifetime ECL) HK$'000	Stage 3 (Lifetime ECL - impaired) HK$'000	Total HK$'000
At 1 January 2023	(1,395,207)	(522,732)	(2,184,268)	(4,102,207)
Transfer to Stage 1	(38,302)	37,019	1,283	-
Transfer to Stage 2	25,992	(77,087)	51,095	-
Transfer to Stage 3	20,307	188,945	(209,252)	-
Impairment losses recognised	(798,057)	(4,827)	(5,584)	(808,468)
Impairment losses reversed	589,415	26,843	597,776	1,214,034
Stage conversion	1,212	(53,346)	(1,921,616)	(1,973,750)
Write-off and transfer out	-	-	2,464,892	2,464,892
Changes to inputs used for impairment calculations	184,084	(50,957)	(1,802,199)	(1,669,072)
Recovery of loans and advances written off in previous periods	-	-	(101,697)	(101,697)
Unwinding of discount on allowance	-	-	11,806	11,806
Exchange difference	22,527	5,098	16,019	43,644
At 31 December 2023	(1,388,029)	(451,044)	(3,081,745)	(4,920,818)

24 LOANS AND ADVANCES TO CUSTOMERS (continued)

Notes: (continued)

The movement in allowances for impairment losses was as follows:

	Stage 1 (12-month ECL) HK$'000	Stage 2 (Lifetime ECL) HK$'000	Stage 3 (Lifetime ECL - impaired) HK$'000	Total HK$'000
At 1 January 2022	(1,325,561)	(529,168)	(2,625,363)	(4,480,092)
Transfer to Stage 1	(14,130)	14,130	-	-
Transfer to Stage 2	21,048	(21,048)	-	-
Transfer to Stage 3	17,431	48,669	(66,100)	-
Impairment losses recognised	(759,779)	-	(252,354)	(1,012,133)
Impairment losses reversed	518,343	71,395	219,442	809,180
Stage conversion	(2,962)	(336,774)	(531,302)	(871,038)
Write-off and transfer out	-	-	2,012,658	2,012,658
Changes to inputs used for impairment calculations	98,068	(96,888)	(550,448)	(549,268)
Recovery of loans and advances written off in previous periods	-	378,151	(404,136)	(25,985)
Unwinding of discount on allowance	-	-	1,747	1,747
Exchange difference	52,335	(51,199)	11,588	12,724
At 31 December 2022	(1,395,207)	(522,732)	(2,184,268)	(4,102,207)

25 LOANS GRANTED UNDER REPURCHASE AGREEMENTS

	31 December 2023 HK$'000	31 December 2022 HK$'000
By collateral type:		
- Bond	2,799,324	4,566,409
Less: Allowances for impairment losses	(227)	(45)
	2,799,097	4,566,364

As at 31 December 2023 and 31 December 2022, all the Company's assets held under resale agreements were in Stage 1.

26 INTERESTS IN ASSOCIATES AND JOINT VENTURES

	31 December 2023 HK$'000	31 December 2022 HK$'000
Interests in associates (note (a))	9,807,531	10,442,022
Interests in joint ventures (note (b))	243,363	282,587
	10,050,894	10,724,609
Less: Allowances for impairment losses	(1,049,171)	(793,423)
	9,001,723	9,931,186

Notes:

(a) Interests in associates

The significant interests in associates as at 31 December 2023 and 31 December 2022 were as follows:

Name of entity	Place/country of incorporation and principal place of operation	Book Value		Proportion of issued/registered capital held by the Group		Principal activities
		31 December 2023 HK$'000	31 December 2022 HK$'000	2023 %	2022 %	
Silver Grant International Holdings Group Limited ("Silver Grant") (note (i))	Hong Kong	506,000	897,745	19.54	19.54	Property investment and investments
Sino-Rock Investment Management Company Limited	Hong Kong	223,089	218,461	20.69	20.69	Investment holding and fund management and consultancy services
Modern Land (China) Co. Limited ("Modern Land") (note (ii))	The Cayman Islands	11,553	51,898	9.58	9.58	Property development
信達資本管理有限公司	The PRC	1,113,328	994,579	40.00	40.00	Investment holding and provision of capital and fund management and consultancy services

26 INTERESTS IN ASSOCIATES AND JOINT VENTURES (continued)

Notes: (continued)

(a) Interests in associates (continued)

Name of entity	Place/country of incorporation and principal place of operation	Book Value		Proportion of issued/registered capital held by the Group		Principal activities
		31 December 2023 HK$'000	31 December 2022 HK$'000	2023 %	2022 %	
信達建潤地產有限公司	The PRC	64,316	65,247	30.00	30.00	Property development
常青（海南）基礎建設有限公司	The PRC	-	-	28.57	28.57	Property development
宁波信达当代共赢股权投资合伙企业(有限公司)	The PRC	1,103	1,119	1.30	1.30	Asset management
深圳市信城不动产有限公司	The PRC	110,683	111,041	37.00	37.00	Property development
深圳市万信二号投资企业（有限合伙）(Note 48)	The PRC	1,071,431	1,410,729	49.81	49.81	Property development
Cindat Capital Management Limited	The Cayman Islands	66,957	66,957	37.00	37.00	Fund management
Yancoal Australia Ltd (note (iii))	Australia	5,589,900	5,830,823	11.87	13.06	Coal mining
Yitai International (BVI) Holdings Ltd.	British Virgin Islands	-	-	49.00	49.00	Investment holding

(i) Two out of nine directors of Silver Grant are appointed by the Group. On 31 December 2023, the Hong Kong stock price of Silver Grant was HK$0.14 per share. The Group engaged an independent valuer to perform an impairment analysis by assessing the recoverable amount the investment as at 31 December 2023. An impairment loss of HK$ 215 million was recognised for the year ended 31 December 2023 (2022: no impairment was recognised).

(ii) The Group reached an agreement with the principal shareholder of Modern Land who held 66% interest which the principal shareholder agreed to (i) guarantee that the Group shall have representative in the board of directors; (ii) enable the Group to participate in the key policy-making processes of Modern Land; and (iii) make sure that the Group can obtain timely and adequate financial information from Modern Land.

(iii) Yancoal Australia Ltd ("Yancoal") is an Australian company engaged in the production of metallurgical and thermal coal and is dual-listed in Australia Securities Exchanges (stock code: YAL) and the Main Board of the HKEX (stock code: 3668). As at 31 December 2023, the Group holds 11.87% (2022: 13.06%) shareholding interests of Yancoal, which represents the second largest shareholding interests, with a director appointed by the Group to the board of Yancoal.

26 INTERESTS IN ASSOCIATES AND JOINT VENTURES (continued)

Notes: (continued)

(a) Interests in associates (continued)

The following represents the summarised financial information of an associate which is individually significant to the Group's consolidated financial statements:

	Yancoal	
	31 December 2023 HK$'000	31 December 2022 HK$'000
Current assets	13,551,894	20,269,200
Non-current assets	46,658,534	47,832,120
Current liabilities	(5,606,942)	(13,470,240)
Non-current liabilities	(9,437,639)	(11,911,480)
Total equity	45,165,847	42,719,600
Revenue	41,850,187	57,369,834
Profit for the year	9,787,283	19,504,003
Other comprehensive income for the year	(16,142)	(331,775)
Total comprehensive income for the year	9,771,141	19,172,228
Dividends received from the associate during the year	961,511	1,354,917

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	31 December 2023 HK$'000	31 December 2022 HK$'000
Net assets of the associate	45,165,847	42,719,600
Proportion of the Group's ownership interest in the associate	11.87%	13.06%
Adjustment	228,714	251,643
Carrying amount of the Group's interest in the associate	5,589,900	5,830,823

26 INTERESTS IN ASSOCIATES AND JOINT VENTURES (continued)

Notes: (continued)

(a) Interests in associates (continued)

Supplementary financial information of associates that are not individually material were as below:

	31 December 2023 HK$'000	31 December 2022 HK$'000
Aggregate carrying amount of individually immaterial associates	3,168,460	3,817,776
Aggregate amount of the Group's share of those associates		
(Loss)/Profit for the year	(340,131)	222,738
Other comprehensive income for the year	8,753	21,946
Total comprehensive income for the year	(331,378)	244,684

(b) Interests in joint ventures

The significant interests in joint ventures as at 31 December 2023 and 31 December 2022 were as follows:

Name of entity	Place/country of incorporation and principal place of operation	Book Value		Proportion of issued/registered capital held by the Group		Principal activities
		31 December 2023 HK$'000	31 December 2022 HK$'000	2023 %	2022 %	
信达汉石全球资产配置有限合伙企业I期	The Cayman Islands	243,363	275,537	48	48	Investment fund
深圳市信庭投资有限公司	The PRC	-	7,050	-	48	Property development

As at 31 December 2023 and 31 December 2022, none of the interests in joint ventures were considered individually significant, and their aggregate information is set out below:

	31 December 2023 HK$'000	31 December 2022 HK$'000
Aggregate carrying amount of joint ventures	243,363	282,587
Aggregate amount of the Group's share of joint ventures: Loss and total comprehensive income for the year	(3,126)	(50,746)

27 INVESTMENT PROPERTIES

	31 December 2023 HK$'000	31 December 2022 HK$'000
At 1 January	3,065,669	2,928,069
Decrease in fair value	(16,823)	(51,503)
Transferred (to)/from property, plant and equipment (Note 28)	(144,300)	238,450
Exchange realignment	(7,835)	(49,347)
At 31 December	2,896,711	3,065,669
Unrealised losses in fair value included in profit or loss	(16,823)	(51,503)

Investment properties of HK$ 2,224,668,000 (2022: HK$1,781,500,000) were used as pledged assets for bank borrowings which bear a floating interest rate at HIBOR and a fixed margin rate of 1.25% to 4.8% (2022: 1.25% to 2%).

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of all of the Group's properties is determined using either the market comparison approach or the income capitalization approach, adjusted for a premium or a discount specific to the features of the Group's properties compared to the comparable properties.

The valuation methods used in the fair value are calculating significant unobservable inputs considering the premium/(discount) on features of a property compared to comparable properties. Capitalisation rate of 2.3% to 2.6% (2022: 2.1% to 2.4%) is determined after taking into account various factors, such as capitalisation of rental, income potential, nature of property, and prevailing market condition. The higher the capitalisation rate, the lower the fair value.

In estimating the fair value of investment properties, the highest and best use of the investment properties is their current use.

28 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Machinery and equipment HK$'000	Electronic equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Aircrafts HK$'000	Maintenance right asset HK$'000	Right-of-use assets HK$'000	Total HK$'000
COST OR VALUATION									
At 1 January 2023	8,124,520	203,514	110,473	37,947	148,370	2,400,805	350,666	1,388,821	12,765,116
Additions	63,908	16,396	53,083	4,772	128,450	-	-	200,396	467,005
Disposals	-	(3,653)	(17,725)	(2,845)	-	-	-	(95,431)	(119,654)
Disposal of a subsidiary (Note 49)	-	-	-	-	-	-	-	-	-
Revaluation	(252,111)	-	-	-	-	-	-	-	(252,111)
Transferred in/(out)	-	(126,301)	126,301	-	-	-	-	-	-
Transferred from investment properties (Note 27)	144,300	-	-	-	-	-	-	-	144,300
Exchange realignment	(18,387)	(1,106)	(1,474)	(425)	32	3,224	850	(14,847)	(32,133)
At 31 December 2023	8,062,230	88,850	270,658	39,449	276,852	2,404,029	351,516	1,478,939	12,972,523
ACCUMULATED DEPRECIATION AND IMPAIRMENT									
At 1 January 2023	-	147,403	61,773	28,560	-	437,725	81,288	528,246	1,284,995
Provided for the year	184,133	7,635	22,240	3,226	-	96,641	-	260,557	574,432
Impairment	-	-	-	-	-	-	-	-	-
Eliminated on disposals	-	(2,928)	(38,664)	(5,858)	-	-	-	(93,522)	(140,972)
Eliminated on disposals of subsidiaries	-	-	-	-	-	-	-	-	-
Revaluation	(184,133)	-	-	-	-	-	-	-	(184,133)
Transferred in/(out)	-	(93,295)	93,295	-	-	-	-	-	-
Exchange realignment	-	(818)	(750)	(283)	-	(1,722)	197	(3,437)	(6,813)
At 31 December 2023	-	57,997	137,894	25,645	-	532,644	81,485	691,844	1,527,509
CARRYING AMOUNT									
At 1 January 2023									
- At cost	-	56,111	48,700	9,387	148,370	1,963,080	269,378	860,575	3,355,601
- At valuation	8,124,520	-	-	-	-	-	-	-	8,124,520
At 31 December 2023									
- At cost	-	30,853	132,764	13,804	276,852	1,871,385	270,031	787,095	3,382,784
- At valuation	8,062,230	-	-	-	-	-	-	-	8,062,230

28 PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings HK$'000	Hotel HK$'000	Machinery and equipment HK$'000	Electronic equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Aircrafts HK$'000	Maintenance right asset HK$'000	Right-of-use assets HK$'000	Total HK$'000
COST OR VALUATION										
At 1 January 2022	7,520,684	4,295,700	200,000	98,266	44,823	48,228	2,401,229	350,727	1,482,590	16,442,247
Additions	1,235,050	-	19,966	24,102	3,047	118,252	-	-	263,991	1,664,408
Disposals	(37,476)	-	(16,849)	(10,861)	(7,218)	-	-	-	(267,279)	(339,683)
Disposal of a subsidiary (Note 49)	-	(4,295,700)	-	(2,561)	-	-	-	-	-	(4,298,261)
Revaluation	(246,231)	-	-	-	-	-	-	-	-	(246,231)
Transferred in/(out)	-	-	11,383	4,590	-	(15,973)	-	-	-	-
Transferred to investment properties (Note 27)	(238,450)	-	-	-	-	-	-	-	-	(238,450)
Exchange realignment	(109,057)	-	(10,986)	(3,063)	(2,705)	(2,137)	(424)	(61)	(90,481)	(218,914)
At 31 December 2022	8,124,520	-	203,514	110,473	37,947	148,370	2,400,805	350,666	1,388,821	12,765,116
ACCUMULATED DEPRECIATION AND IMPAIRMENT										
At 1 January 2022	-	531,858	149,334	65,786	34,411	-	339,225	81,303	550,055	1,751,972
Provided for the year	172,368	231,159	22,295	8,120	3,263	-	96,794	-	270,908	804,907
Impairment	-	-	-	-	-	-	2,209	-	-	2,209
Eliminated on disposals	-	-	(15,777)	(9,906)	(7,084)	-	-	-	(262,420)	(295,187)
Eliminated on disposals of subsidiaries	-	(763,017)	-	-	-	-	-	-	-	(763,017)
Revaluation	(172,368)	-	-	-	-	-	-	-	-	(172,368)
Exchange realignment	-	-	(8,449)	(2,227)	(2,030)	-	(503)	(15)	(30,297)	(43,521)
At 31 December 2022	-	-	147,403	61,773	28,560	-	437,725	81,288	528,246	1,284,995
CARRYING AMOUNT										
At 1 January 2022										
- At cost	-	3,763,842	50,666	32,480	10,412	48,228	2,062,004	269,424	932,535	7,169,591
- At valuation	7,520,684	-	-	-	-	-	-	-	-	7,520,684
At 31 December 2022										
- At cost	-	-	56,111	48,700	9,387	148,370	1,963,080	269,378	860,575	3,355,601
- At valuation	8,124,520	-	-	-	-	-	-	-	-	8,124,520

28 PROPERTY, PLANT AND EQUIPMENT (continued)

The carrying value of land and buildings is analysed based on the remaining terms of the leases as follows:

	31 December 2023 HK$'000	31 December 2022 HK$'000
Held in Hong Kong		
- On long-term lease (over 50 years)	3,335,303	3,408,356
- On medium-term lease (10 to 50 years)	3,816,800	3,753,460
Held outside Hong Kong		
- On medium-term lease (10 to 50 years)	825,595	874,640
- On short-term lease (less than 10 years)	84,532	88,064
	8,062,230	8,124,520

As at 31 December 2023 and 31 December 2022, land and buildings were included in the consolidated statement of financial position at valuation carried out on the basis of their fair value by independent valuers. The fair value represents the price that would be received to sell each building in an orderly transaction with market participants at the measurement date.

As a result of the above-mentioned revaluations, decrease in value of land and buildings of HK$67,978,000 (2022: Decrease in HK$73,863,000) were recognised in the property revaluation reserve and the consolidated statement of other comprehensive income.

As at 31 December 2023, the net book value of land and buildings that would have been included in the consolidated statement of financial position had the land and buildings been carried at cost less accumulated depreciation was HK$6,413,344,000 (2022: HK$6,640,002,000).

Aircraft are assessed for recoverability in accordance with HKAS 36 Impairment of Assets, at each reporting date or whenever events or changes in circumstances indicate that their carrying value may not be recoverable. No impairment charge has been recorded in for the year ended 31 December 2023 (2022: HK$2,209,000).

The directors develop the assumptions used in the recoverability assessment based on their knowledge of active lease contracts, current and future expectations of the global demand for particular aircraft types and historical experience in the aircraft leasing market and aviation industry, as well as information received from third party sources.

The factors considered in estimating the future cash flows are impacted by changes in contracted lease rates, future projected lease rates, transition costs, estimated downtime, estimated residual values, economic conditions, technology and airline demand for particular aircraft types. These estimated cashflows were discounted at an average rate of 6.45% (2022: 6.20%) per annum.

29 PROPERTIES HELD FOR SALE

	31 December 2023 HK$'000	31 December 2022 HK$'000
Completed properties	3,079,607	-
Properties under development	9,665,432	-
	12,745,039	-

30 INTANGIBLE ASSETS

	Credit card customer relationships HK$'000	Trade names HK$'000	Core deposits intangible HK$'000	Computer software systems and others HK$'000	Total HK$'000
COST					
At 1 January 2023	8,999	690,938	4,216,972	1,184,874	6,101,783
Additions	-	-	-	327,455	327,455
Disposals	-	-	-	(3)	(3)
Exchange realignment	-	-	-	(8,664)	(8,664)
At 31 December 2023	8,999	690,938	4,216,972	1,503,662	6,420,571
ACCUMULATED AMORTISATION					
At 1 January 2023	5,925	-	1,388,088	513,072	1,907,085
Charge for the year	900	-	210,849	108,480	320,229
Disposals	-	-	-	-	-
Exchange realignment	-	-	-	(6,478)	(6,478)
At 31 December 2023	6,825	-	1,598,937	615,074	2,220,836
CARRYING AMOUNT					
At 1 January 2023	3,074	690,938	2,828,884	671,802	4,194,698
At 31 December 2023	2,174	690,938	2,618,035	888,588	4,199,735
COST					
At 1 January 2022	8,999	690,938	4,216,972	795,476	5,712,385
Additions	-	-	-	447,723	447,723
Disposals	-	-	-	(3,940)	(3,940)
Exchange realignment	-	-	-	(54,385)	(54,385)
At 31 December 2022	8,999	690,938	4,216,972	1,184,874	6,101,783
ACCUMULATED AMORTISATION					
At 1 January 2022	5,025	-	1,177,239	445,067	1,627,331
Charge for the year	900	-	210,849	99,662	311,411
Disposals	-	-	-	(46)	(46)
Exchange realignment	-	-	-	(31,611)	(31,611)
At 31 December 2022	5,925	-	1,388,088	513,072	1,907,085
CARRYING AMOUNT					
At 1 January 2022	3,974	690,938	3,039,733	350,409	4,085,054
At 31 December 2022	3,074	690,938	2,828,884	671,802	4,194,698

The credit card customer relationships and core deposits intangible were amortised for a period of 10 years and 20 years respectively and tested for impairment annually. These intangible assets were identified due to the acquisition of NCB in 2016.

31 GOODWILL

	31 December 2023	31 December 2022
COST		
At beginning of the year	25,851,817	25,851,817
ACCUMULATED IMPAIRMENT LOSSES		
At beginning of the year	-	-
Impairment loss provided for the year	(708,030)	-
At 31 December 2023	(708,030)	-
CARRYING AMOUNT		
At 31 December 2023	25,143,787	25,851,817
At 31 December 2022	25,851,817	25,851,817

The goodwill acquired from business combination is assessed for impairment at each annual financial reporting date. The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of the estimated future cash flow expected to be derived from the asset(value in use, "VIU").

The goodwill acquired through the business combination of NCB in 2016, which was accounted for as the major portion of the Group's goodwill as of 31 December 2023, is allocated to the NCB cash-generating units ("CGU") for impairment testing. The Group compared the fair value less costs of disposal and the VIU of the CGU, and the recoverable amount of the CGU was determined as its VIU.

The recoverable amount of the NCB CGU has been determined based on a value-in-use calculation method, using cash flow projections based on both financial forecasts covering a 5-year period approved by senior management and a forward speculated 5-year period. As of 31 December 2023, the net carrying amount of the goodwill was HK$ 25,144 million (31 December 2022: HK$ 25,852 million), with a cost of HK$ 25,852 million and an accumulated impairment of HK$ 708 million. The Group accrued goodwill impairment losses of HK$ 708 million during the year ended 31 December 2023.

Impairment resulted from a combination of factors, including our macroeconomic outlook and a corresponding judgement to reduce the cashflow forecast for the future 10-year period.

The stable growth rate used to extrapolate the cash flows of NCB CGU beyond the 10-year period are fixed at 1.20% (for the year ended 31 December 2022: 1.20%) (Hong Kong) and 1.90% (for the year ended 31 December 2022: 2.53%) (Mainland China), respectively, which does not exceed the long-term average growth rate of the banking industry. The pre-tax discount rates applied to the goodwill impairment testing are 10.47% (for the year ended 31 December 2022: 10.90%) (Hong Kong) and 10.43% (for the year ended 31 December 2022: 11.06%) (Mainland China), respectively.

For the goodwill impairment testing, the Group makes the following assumptions on the key hypothesis in the process of cash flow projection: (i) Discount rate: pre-tax discount rate reflecting the specific risk of the relevant cash-generating units; (ii) Cash flow's growth rate: based on both the past performance and the projection of market development. The information used by the Group in determining these key assumptions is consistent with external information and internal information.

32 DEFERRED TAX

For the purpose of presentation of the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset.

	31 December 2023 HK$'000	31 December 2022 HK$'000
Deferred tax assets	(840,258)	(749,746)
Deferred tax liabilities	1,503,150	1,377,142
	662,892	627,396

The following are the Group's major deferred tax liabilities recognised and movements thereon during the current and prior year:

	Asset revaluation from acquisition of a subsidiary HK$'000	Impairment allowances HK$'000	Property revaluation HK$'000	Fair value change of financial assets HK$'000	Accrued interest of a PRC subsidiary HK$'000	Others HK$'000	Total HK$'000
At 1 January 2022	628,751	(640,388)	1,097,696	234,754	22,050	(185,437)	1,157,426
(Credited)/charged to profit or loss	(34,939)	50,958	(47,625)	49,327	(12,251)	(124,809)	(119,339)
Credited to other Comprehensive income	-	-	(53,414)	(378,829)	-	(13,230)	(445,473)
Exchange alignment	-	26,745	-	(10,915)	(1,466)	20,418	34,782
At 31 December 2022	593,812	(562,685)	996,657	(105,663)	8,333	(303,058)	627,396
(Credited)/charged to profit or loss	(47,472)	82,758	(17,709)	(17,069)	(33,161)	(104,104)	(136,757)
Credited to other Comprehensive income	-	-	2,913	159,548	-	(512)	161,949
Exchange alignment	-	10,581	-	4,246	(685)	(3,838)	10,304
At 31 December 2023	546,340	(469,346)	981,861	41,062	(25,513)	(411,512)	662,892

33 OTHER ASSETS

	31 December 2023 HK$'000	31 December 2022 HK$'000
Other receivable (note)	5,766,804	5,670,760
Interest receivable	3,287	153,828
Assets in satisfaction of debts	554,999	465,757
Long-term prepaid expenses	214,237	207,945
Precious metals	284,266	308,534
Lease premium asset	38,725	54,795
Others	69,954	-
Less: Allowances for impairment losses	(44,897)	(71,541)
	6,887,375	6,790,078

Note:

Other receivables mainly include receivables relating to assets disposal, and accounts receivables arising from the Group's banking business.

34 BANK AND OTHER BORROWINGS

	31 December 2023 HK$'000	31 December 2022 HK$'000
Bank borrowings - secured (note (i))	326,190	789,479
Bank borrowings - unsecured (note (ii))	50,221,961	33,693,446
Other borrowings - unsecured	264,112	2,200,160
Subtotal	50,812,263	36,683,085
Interest payable	252,759	190,828
Total	51,065,022	36,873,913

Notes:

(i) Bank borrowings of HK$326,190,000 (2022: HK$789,479,000) were secured by investment properties amounting to approximately HK$431,506,698 (2022: HK$1,770,500,000).

(ii) Bank borrowings of HK$19.8 billion (2022: HK$21.8 billion) was covered by Keepwell Deed entered with China Cinda, the immediate holding company of the Group.

As at 31 December 2023, the Group was not complying with a financial covenant of a bank borrowing at an aggregate amount of HK$771,758,075. The lending bank had not demanded early repayment of the borrowing from the Group. Subsequent to the date of financial statements, the Group signed an amendment letter with the bank lender to revise the aforementioned covenant and the non- compliance of this covenant was rectified.

34 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

	31 December 2023 HK$'000	31 December 2022 HK$'000
Carrying amount repayable*:		
Within one year	3,845,727	2,817,179
More than one year, but not exceeding two years	2,048,940	-
More than two years, but not exceeding five years	22,395,082	20,222,794
More than five years	4,204,279	470,729
Interest payable	160,880	144,472
Subtotal	32,654,908	23,655,174
Carrying amount of borrowings that contain		
Within one year	18,318,235	13,172,383
Interest payable	91,879	46,356
Subtotal	18,410,114	13,218,739
Total	51,065,022	36,873,913

*The amounts due are based on scheduled repayment dates set out in the loan agreements.

The variable rates of borrowings used by the Group were floating based on the benchmark interest rates of deposits or loans published by Secured Overnight Financing Rate(SOFR), Hong Kong Inter-bank Offered Rate ("HIBOR"), Tokyo Overnight Average Rate ("TONAR"), Loan Prime Rate (LPR).

The ranges of effective interest rates (which are also equal to contractual interest rates) on the Group's borrowings are as follows:

	2023	2022
Effective interest rate		
Variable-rate borrowings	2.94%-6.90%	0.11%-6.35%

35 PLACEMENTS FROM BANKS AND FINANCIAL INSTITUTIONS

	31 December 2023 HK$'000	31 December 2022 HK$'000
Precious metal lending	694,294	-
Placements from banks	11,004,606	7,708,871
	11,698,900	7,708,871

36 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2023 HK$'000	31 December 2022 HK$'000
Derivative financial instruments (Note 22)	1,351,573	1,177,372
Short position in securities	1,793,057	3,422,134
Short position in exchange fund bills and notes	5,784,773	7,119,358
	8,929,403	11,718,864

37 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	31 December 2023 HK$'000	31 December 2022 HK$'000
By collateral type:		
- Debt securities	22,260,561	34,234,558

38 ACCOUNTS PAYABLE

	31 December 2023 HK$'000	31 December 2022 HK$'000
Investment payable	44,803	245,181
Accounts payable due to electronic and clearing items	4,695	8,734
Trade payable due to brokerage services	265,649	231,341
Accounts payable due to banking services	42,743	138,570
	357,890	623,826

39 TAX PAYABLE

(i) Current income tax liability

	31 December 2023 HK$'000	31 December 2022 HK$'000
Corporate income tax	820,644	408,659

(ii) Other tax liability

	31 December 2023 HK$'000	31 December 2022 HK$'000
Value-added tax of land	103,143	-
Value-added tax	67,901	78,047
Withholding and payment of additional taxes	5,938	6,024
City maintenance construction tax	4,707	5,260
Extra-charge for education	3,354	3,757
House property tax	596	900
Individual income tax	540	475
Stamp duty	275	529
Vehicle and vessel use tax	2	-
Urban and rural land use tax	2	2
Deed tax	-	13,081
	186,458	108,075

40 BONDS ISSUED

Bond Name	Notes	Face Value	Curr-ency	Issue Date	Maturity Date	Bond Rate	As at 31 December 2023 HK$'000	2022 HK$'000
US$ Guaranteed Senior Notes	(i),(vi)	5,571,680	US$	2018/2	2023/2	3.88%	NA	6,336,682
US$ Guaranteed Senior Notes	(i),(vi)	500,000	US$	2014/5	2024/5	5.63%	3,928,764	3,899,219
US$ Guaranteed Senior Notes	(i),(vi)	100,000	US$	2015/2	2030/2	5.20%	793,327	790,821
US$ Guaranteed Senior Notes	(i),(vi)	230,000	US$	2014/12	2029/12	5.20%	1,793,069	1,785,385
US$ Guaranteed Senior Notes	(i),(vi)	90,000	US$	2014/12	2029/12	5.20%	704,018	701,331
US$ Guaranteed Senior Notes	(i),(vi)	1,700,000	US$	2015/4	2025/4	4.25%	13,378,085	13,334,388
US$ Guaranteed Senior Notes	(i),(vi)	700,000	US$	2017/3	2024/3	4.10%	5,531,102	5,521,276
US$ Guaranteed Senior Notes	(i),(vi)	700,000	US$	2017/3	2027/3	4.40%	5,530,283	5,512,317
US$ Guaranteed Senior Notes	(i),(vi)	300,000	US$	2018/2	2025/2	4.38%	2,383,478	2,377,186
US$ Guaranteed Senior Notes	(i),(vi)	1,200,000	US$	2018/2	2028/2	4.75%	9,527,390	9,506,248
US$ Guaranteed Senior Notes	(i),(vi)	200,000	US$	2018/2	2048/2	5.00%	1,566,807	1,564,015
US$ Guaranteed Senior Notes	(i),(vi)	200,000	US$	2019/2	2024/2	4.00%	1,585,102	1,576,928
US$ Guaranteed Senior Notes	(i),(vi)	600,000	US$	2019/2	2029/2	4.75%	4,753,619	4,739,518
US$ Guaranteed Senior Notes	(i)	545,000	US$	2017/12	2037/12	4.75%	3,879,488	4,235,852
US$ Guaranteed Senior Notes	(iv)	500,000	US$	2020/3	2025/3	2.50%	3,927,283	3,910,623
US$ Guaranteed Senior Notes	(iv)	300,000	US$	2020/3	2027/3	3.00%	2,269,742	2,338,344
US$ Guaranteed Senior Notes	(iv)	500,000	US$	2020/3	2030/3	3.13%	3,850,566	3,867,728
US$ Guaranteed Senior Notes	(ii)	300,000	US$	2021/1	2026/1	1.88%	2,337,918	2,336,517
US$ Guaranteed Senior Notes	(ii)	800,000	US$	2021/1	2031/1	3.00%	5,995,524	6,252,361
US$ Guaranteed Senior Notes	(ii)	400,000	US$	2021/1	2028/1	2.50%	2,878,831	2,939,828
US$ Guaranteed Senior Notes	(ii)	500,000	US$	2021/1	2024/1	1.25%	3,879,851	3,872,787
US$ Guaranteed Senior Notes	(ii)	1,000,000	US$	2022/1	2027/1	3.25%	7,831,625	7,885,870
CNY Guaranteed Senior Notes	(V)	1,500,000	RMB	2023/5	2026/5	3.70%	1,657,393	NA
US$ Guaranteed Senior Notes	(iii)	400,000	US$	2023/8	2027/2	5.75%	3,185,285	NA
US$ Guaranteed Senior Notes	(iv)	4,875,220	US$	2020/3	2023/3	2.00%	NA	5,435,046
2022 Corporation Bonds (5-year)	(vii)	1,500,000	RMB	2022/3	2026/3	3.90%	1,702,202	1,725,970
2022 Corporation Bonds (5-year)	(vii)	500,000	RMB	2022/6	2026/6	3.90%	561,942	569,793
2022 Corporation Bonds (5-year)	(vii)	500,000	RMB	2020/5	2025/5	3.18%	NA	569,660
2022 Corporation Bonds (5-year)	(vii)	1,500,000	RMB	2020/3	2025/3	3.99%	NA	1,728,393
2018-II Financial Bonds	(ix)	500,000	RMB	2018/10	2023/10	4.40%	NA	564,780
2018-III Financial Bonds	(ix)	2,000,000	RMB	2018/11	2023/11	4.35%	NA	2,251,383
2020-I Financial Bonds	(ix)	2,500,000	RMB	2020/12	2023/12	4.08%	NA	2,801,204
2020-II Financial Bonds	(ix)	500,000	RMB	2020/12	2025/12	4.33%	552,190	560,098
2021-I Financial Bonds	(ix)	2,000,000	RMB	2021/12	2024/12	3.40%	2,208,538	2,240,068
2021-II Financial Bonds	(ix)	500,000	RMB	2021/12	2026/12	3.75%	552,074	560,005
2022-I Financial Bonds	(ix)	1,000,000	RMB	2022/1	2027/1	3.54%	1,139,499	1,155,874
2022-II Financial Bonds	(ix)	1,500,000	RMB	2022/3	2025/3	3.35%	1,696,965	1,721,179
2023-I Financial Bonds	(ix)	200,000	RMB	2023/3	2026/3	3.28%	226,531	NA
2023-II Financial Bonds	(ix)	300,000	RMB	2023/3	2028/3	3.50%	340,366	NA
2023-III Financial Bonds	(ix)	200,000	RMB	2023/6	2026/6	2.90%	223,984	NA
2023-IV Financial Bonds	(ix)	800,000	RMB	2023/6	2028/6	3.27%	897,636	NA
2023-V Financial Bonds	(ix)	300,000	RMB	2023/7	2026/7	2.90%	335,049	NA
2023-VI Financial Bonds	(ix)	700,000	RMB	2023/7	2028/7	3.27%	783,001	NA
2023-VII Financial Bonds	(ix)	100,000	RMB	2023/9	2026/9	2.95%	111,294	NA
2023-VIII Financial Bonds	(ix)	900,000	RMB	2023/9	2028/9	3.30%	1,002,703	NA
2022 NCB China CD018	(xi)	240,000	RMB	2022/3	2023/3	2.78%	NA	266,964
2022 NCB China CD032	(xi)	100,000	RMB	2022/4	2023/4	2.57%	NA	111,072
2022 NCB China CD033	(xi)	50,000	RMB	2022/4	2023/1	2.48%	NA	55,879
2022 NCB China CD039	(x)	40,000	RMB	2022/5	2023/2	2.27%	NA	44,620
2022 NCB China CD043	(xi)	1,200,000	RMB	2022/6	2023/3	2.38%	NA	1,336,924
2022 NCB China CD051	(xi)	300,000	RMB	2022/9	2023/3	1.90%	NA	334,563
2022 NCB China CD053	(xi)	220,000	RMB	2022/9	2023/6	2.02%	NA	244,017

40 BONDS ISSUED (continued)

Bond Name	Notes	Face Value	Currency	Issue Date	Maturity Date	Bond Rate	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
2022 NCB China CD054	(xi)	300,000	RMB	2022/9	2023/3	1.95%	NA	334,423
2022 NCB China CD055	(xi)	100,000	RMB	2022/9	2023/6	2.10%	NA	110,832
2022 NCB China CD056	(xi)	40,000	RMB	2022/9	2023/6	2.10%	NA	44,330
2022 NCB China CD057	(xi)	500,000	RMB	2022/9	2023/3	2.00%	NA	557,160
2022 NCB China CD058	(xi)	100,000	RMB	2022/10	2023/10	2.15%	NA	110,092
2022 NCB China CD059	(xi)	50,000	RMB	2022/10	2023/10	2.18%	NA	55,025
2022 NCB China CD060	(xi)	50,000	RMB	2022/10	2023/10	2.15%	NA	55,035
2022 NCB China CD061	(xi)	50,000	RMB	2022/10	2023/4	2.02%	NA	55,640
2022 NCB China CD062	(xi)	100,000	RMB	2022/10	2023/10	2.25%	NA	109,903
2022 NCB China CD063	(xi)	50,000	RMB	2022/10	2023/1	2.00%	NA	55,883
2022 NCB China CD064	(xi)	50,000	RMB	2022/10	2023/2	2.00%	NA	55,880
2022 NCB China CD065	(xi)	100,000	RMB	2022/11	2023/2	2.00%	NA	111,753
2022 NCB China CD066	(xi)	300,000	RMB	2022/11	2023/2	2.00%	NA	335,240
2022 NCB China CD067	(xi)	500,000	RMB	2022/11	2023/2	2.10%	NA	558,556
2022 NCB China CD068	(xi)	120,000	RMB	2022/11	2023/2	2.10%	NA	134,038
2022 NCB China CD069	(xi)	50,000	RMB	2022/11	2023/11	2.40%	NA	54,839
2022 NCB China CD070	(xi)	50,000	RMB	2022/11	2023/11	2.40%	NA	54,831
2022 NCB China CD071	(xi)	200,000	RMB	2022/11	2023/11	2.45%	NA	219,217
2022 NCB China CD072	(xi)	50,000	RMB	2022/11	2023/11	2.70%	NA	54,668
2022 NCB China CD073	(xi)	100,000	RMB	2022/11	2023/11	2.70%	NA	109,328
2022 NCB China CD074	(xi)	50,000	RMB	2022/11	2023/5	2.55%	NA	55,422
2022 NCB China CD075	(xi)	50,000	RMB	2022/11	2023/11	2.83%	NA	54,594
2022 NCB China CD076	(xi)	400,000	RMB	2022/11	2023/5	2.55%	NA	443,344
2022 NCB China CD077	(xi)	300,000	RMB	2022/11	2023/8	2.70%	NA	330,098
2022 NCB China CD078	(xi)	710,000	RMB	2022/11	2023/11	2.80%	NA	775,275
2022 NCB China CD079	(xi)	100,000	RMB	2022/11	2023/3	2.27%	NA	111,540
2022 NCB China CD080	(xi)	300,000	RMB	2022/11	2023/6	2.40%	NA	332,550
2022 NCB China CD081	(xi)	1,000,000	RMB	2022/12	2023/3	2.47%	NA	1,114,588
2022 NCB China CD082	(xi)	20,000	RMB	2022/12	2023/6	2.52%	NA	22,150
2022 NCB China CD083	(xi)	300,000	RMB	2022/12	2023/12	2.72%	NA	327,468
2022 NCB China CD084	(xi)	100,000	RMB	2022/12	2023/3	2.55%	NA	111,389
2022 NCB China CD085	(xi)	40,000	RMB	2022/12	2023/12	2.85%	NA	43,600
2022 NCB China CD086	(xi)	150,000	RMB	2022/12	2023/3	2.60%	NA	167,055
2022 NCB China CD087	(xi)	50,000	RMB	2022/12	2023/9	2.85%	NA	54,862
2022 NCB China CD088	(xi)	500,000	RMB	2022/12	2023/3	2.67%	NA	556,731
2022 NCB China CD089	(xi)	300,000	RMB	2022/12	2023/6	2.85%	NA	331,553
2022 NCB China CD090	(xi)	50,000	RMB	2022/12	2023/12	2.90%	NA	54,458
2023 NCB China CD003	(xi)	50,000	RMB	2023/2	2024/2	2.72%	55,001	NA
2023 NCB China CD005	(xi)	40,000	RMB	2023/2	2024/2	2.74%	43,991	NA
2023 NCB China CD006	(xi)	750,000	RMB	2023/2	2024/2	2.75%	824,579	NA
2023 NCB China CD007	(xi)	400,000	RMB	2023/2	2024/2	2.76%	439,737	NA
2023 NCB China CD008	(xi)	40,000	RMB	2023/2	2024/2	2.79%	43,969	NA
2023 NCB China CD009	(xi)	340,000	RMB	2023/2	2024/2	2.82%	373,578	NA
2023 NCB China CD012	(xi)	30,000	RMB	2023/3	2024/3	2.80%	32,890	NA
2023 NCB China CD013	(xi)	50,000	RMB	2023/4	2024/4	2.75%	54,782	NA
2023 NCB China CD014	(xi)	300,000	RMB	2023/4	2024/4	2.77%	328,559	NA
2023 NCB China CD015	(xi)	100,000	RMB	2023/4	2024/1	2.70%	110,261	NA
2023 NCB China CD016	(xi)	100,000	RMB	2023/4	2024/4	2.76%	109,510	NA
2023 NCB China CD017	(xi)	100,000	RMB	2023/4	2024/1	2.72%	110,220	NA
2023 NCB China CD018	(xi)	190,000	RMB	2023/4	2024/4	2.80%	207,977	NA
2023 NCB China CD020	(xi)	260,000	RMB	2023/4	2024/4	2.80%	284,472	NA
2023 NCB China CD021	(xi)	120,000	RMB	2023/4	2024/1	2.73%	132,165	NA

40 BONDS ISSUED (continued)

Bond Name	Notes	Face Value	Curr-ency	Issue Date	Maturity Date	Bond Rate	As at 31 December 2023 HK$'000	2022 HK$'000
2023 NCB China CD022	(xi)	100,000	RMB	2023/5	2024/5	2.65%	109,298	NA
2023 NCB China CD023	(xi)	220,000	RMB	2023/7	2024/7	2.45%	239,610	NA
2023 NCB China CD024	(xi)	100,000	RMB	2023/10	2024/1	2.38%	110,270	NA
2023 NCB China CD025	(xi)	50,000	RMB	2023/10	2024/7	2.52%	54,446	NA
2023 NCB China CD026	(xi)	50,000	RMB	2023/10	2024/4	2.52%	54,769	NA
2023 NCB China CD027	(xi)	250,000	RMB	2023/10	2024/4	2.60%	273,666	NA
2023 NCB China CD028	(xi)	50,000	RMB	2023/11	2024/5	2.65%	54,634	NA
2023 NCB China CD029	(xi)	320,000	RMB	2023/11	2024/11	2.76%	344,719	NA
2023 NCB China CD030	(xi)	250,000	RMB	2023/11	2024/8	2.75%	271,139	NA
2023 NCB China CD031	(xi)	920,000	RMB	2023/11	2024/5	2.72%	1,004,561	NA
2023 NCB China CD032	(xi)	80,000	RMB	2023/11	2024/11	2.78%	86,119	NA
2023 NCB China CD033	(xi)	120,000	RMB	2023/11	2024/11	2.85%	129,080	NA
2023 NCB China CD034	(xi)	130,000	RMB	2023/11	2024/11	2.85%	139,806	NA
2023 NCB China CD035	(xi)	40,000	RMB	2023/12	2024/3	2.85%	43,897	NA
2023 NCB China CD036	(xi)	960,000	RMB	2023/12	2024/6	2.90%	1,045,859	NA
2023 NCB China CD037	(xi)	130,000	RMB	2023/12	2024/3	2.85%	142,654	NA
2023 NCB China CD038	(xi)	50,000	RMB	2023/12	2024/12	2.86%	53,707	NA
2023 NCB China CD039	(xi)	40,000	RMB	2023/12	2024/3	2.85%	43,887	NA
2023 NCB China CD040	(xi)	50,000	RMB	2023/12	2024/6	2.86%	54,461	NA
2023 NCB China CD041	(xi)	200,000	RMB	2023/12	2024/3	2.85%	219,383	NA
2023 NCB China CD042	(xi)	50,000	RMB	2023/12	2024/6	2.80%	54,471	NA
2023 NCB China CD043	(xi)	100,000	RMB	2023/12	2024/9	2.86%	108,145	NA
Subordinated Notes	(viii)	700,000	USD	2019/11	2029/11	3.80%	5,468,028	5,455,215
							118,760,824	133,081,281

As at 31 December 2023, bonds issued included accrued interest of HK$1,429,011,000 (2022: HK$1,505,819,000).

Notes:

(i) The US$ Guaranteed Senior Notes ("US$ Notes") issued by China Cinda Finance (2014) Limited, China Cinda Finance (2014) II Limited, China Cinda Finance (2015) I Limited, China Cinda Finance (2017) I Limited and China Cinda Finance (2017) III Limited, subsidiaries of the Group, have fixed coupon rates, payable semi-annually. At any time prior to the date of maturity of the US$ Notes, the issuer or the Company may redeem the US$ Notes, in whole or in part, at a redemption price equal to the greater of (i) 100% of the principal amount of the US$ Notes redeemed or (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the US$ Notes redeemed (not including interest accrued to the date of redemption), discounted at the U.S. treasury bond rate plus 40 basis points in the case of the 5-year US$ Notes and 50 basis points in the case of the 10-year US$ Notes, plus any accrued and unpaid interest.

Early redemption options were regarded as embedded derivatives not closely related to the host contracts. The Directors consider that the fair value of the above early redemption options was insignificant on initial recognition and as at 31 December 2023.

(ii) The US$ Guaranteed Senior Notes ("US$ Notes") issued by China Cinda (2020) I Management Limited, subsidiaries of the Group, have fixed coupon rates, payable semi-annually. At any time prior to the date of maturity of the US$ Notes, the issuer or the Company may redeem the US$ Notes, in whole or in part, at a redemption price equal to the greater of (i) 100% of the principal amount of the US$ Notes redeemed or (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the US$ Notes redeemed, discounted at the U.S. treasury bond rate plus 25 basis points.

40 BONDS ISSUED (continued)

Notes: (continued)

(ii) Early redemption options were regarded as embedded derivatives not closely related to the host contracts. The Directors consider that the fair value of the above early redemption options was insignificant on initial recognition and as at 31 December 2023.

(iii) The US$ Guaranteed Senior Notes ("US$ Notes") issued by China Cinda (2020) I Management Limited, subsidiaries of the Group, have fixed coupon rates, payable semi-annually. At any time prior to the date of maturity of the US$ Notes, the issuer or the Company may redeem the US$ Notes, in whole or in part, at a redemption price equal to the greater of (i) 100% of the principal amount of the US$ Notes redeemed or (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the US$ Notes redeemed, discounted at the U.S. treasury bond rate plus 20 basis points.

Early redemption options were regarded as embedded derivatives not closely related to the host contracts. The Directors consider that the fair value of the above early redemption options was insignificant on initial recognition and as at 31 December 2023.

(iv) The US$ Guaranteed Senior Notes ("US$ Notes") issued by China Cinda (2020) I Management Limited, subsidiaries of the Group, have fixed coupon rates, payable semi-annually. At any time prior to the date of maturity of the US$ Notes, the issuer or the Company may redeem the US$ Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the US$ Notes redeemed.

(v) The CNY Guaranteed Senior Notes ("CNY Notes") issued by China Cinda (2020) I Management Limited, subsidiaries of the Group, have fixed coupon rates, payable semi-annually. At any time prior to the date of maturity of the CNY Notes, the issuer or the Company may redeem the CNY Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the CNY Notes redeemed.

(vi) Bonds payable of HK$51,475 million (2022: HK$57,645 million) was covered by Keepwell Deed entered with China Cinda. Under the Keepwell Deed:

(a) each of the issuer and the Group to have a Consolidated Net Worth of at least US$1.00 at all times;
(b) each of the notes issuer and the Group to have sufficient liquidity to ensure timely payment by each of the note issuer and the Group; and
(c) each of the note issuer and the Group to remain solvent and a going concern at all times under the laws of their respective jurisdictions of incorporation or applicable accounting standards.

(vii) The corporation bonds issued by 华建国际实业(深圳)有限公司("WKSZ"), a subsidiary of the Group, carry fixed coupon rates, payable annually. The subsidiary shall be entitled to adjust the coupon rate, and the investors shall be entitled to sell back the relevant corporate bonds to the subsidiary, at the end of the second year.

(viii) The corporation bonds issued by 华建国际实业(深圳)有限公司("WKSZ"), a subsidiary of the Group, carry fixed coupon rates, payable annually. The subsidiary shall be entitled to adjust the coupon rate, and the investors shall be entitled to sell back the relevant corporate bonds to the subsidiary, at the end of the third year.

40 BONDS ISSUED (continued)

Notes: (continued)

(ix) The US$700,000,000 Basel III compliant 10-year subordinated notes qualifying as Tier 2 capital of NCB were issued on 20 November 2019 in accordance with the Banking (Capital) Rules, which are listed on the Hong Kong Stock Exchange. The notes will mature on 20 November 2029 with an optional redemption date falling on 20 November 2024. Interest at 3.80% per annum is payable semi-annually from the issue date to the optional redemption date. Thereafter, if the notes are not redeemed, the interest rate will be reset and the notes will bear interest at the prevailing 5-year U.S. treasury rate plus 218 basis points. NCB may, subject to receiving the prior approval of the HKMA, redeem the notes at its option in whole but not in part, at par either on the optional redemption date or for tax or regulatory reasons at any time prior to maturity of the notes.

(x) The deposit certificates were issued by NCB.

(xi) The financial bonds issued by Nanyang Commercial Bank (China), Limited ("NCB China"), a subsidiary of NCB, have fixed coupon rates, payable annually.

(xii) The deposit certificates were issued by NCB China.

41 DUE TO CUSTOMERS

(i) Deposits from customers

	31 December 2023 HK$'000	31 December 2022 HK$'000
Demand deposits		
- Corporate	57,480,463	84,100,502
- Personal	38,266,653	46,623,914
Time deposits		
- Corporate	138,917,983	115,515,536
- Personal	147,910,511	117,136,707
Guarantee deposits	14,895,606	15,631,218
	397,471,216	379,007,877

(ii) Hedge accounting

Hedges of net investments in Mainland operations

As at 31 December 2023, a proportion of the Group's RMB-denominated deposits from customers of HK$1,992,543,000 (2022: HK$2,034,312,000) were designated as a hedging instrument to hedge against the net investments in Mainland China operations.

There were no gains or losses on ineffective portion recognised in the income statement during the year (2022: Nil).

42 DEPOSITS FROM BANKS AND FINANCIAL INSTITUTIONS

	31 December 2023 HK$'000	31 December 2022 HK$'000
Banks	2,537,454	3,133,805
Financial institutions	16,947,171	13,191,281
	19,484,625	16,325,086

43 OTHER LIABILITIES

	31 December 2023 HK$'000	31 December 2022 HK$'000
Lease liabilities (Note 46)	832,617	908,339
Payables to interest holders of consolidated structured entities	785,450	-
Other payable	727,357	1,247,468
Contract liabilities	708,230	-
Items in the process of clearance and settlement	657,564	172,236
Staff compensation payable	507,075	620,227
Provisions (note (i))	448,582	436,241
Other receipts in advance	150,421	157,383
Accrued maintenance liabilities	123,334	102,395
Promissory note	116,947	103,460
Impairment allowances for loan commitments and financial guarantee contracts (note (ii))	104,978	188,318
Defined benefit schemes (note (iii))	92,336	106,770
Others	118,492	156,748
	5,373,383	4,199,585

43 OTHER LIABILITIES (continued)

Notes:

(i) Provisions

	31 December 2023 HK$'000	31 December 2022 HK$'000
At beginning of the year	436,241	457,414
Reversed for the year	12,341	(21,173)
At end of the year	448,582	436,241

(ii) Impairment allowances for loan commitments and financial guarantee contracts

	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
At 1 January 2023	171,931	16,387	-	188,318
Addition	46,210	-	-	46,210
Derecognised	(103,676)	(16,387)	-	(120,063)
Transfers to Stage 2	(329)	329	-	-
Transfers to Stage 3	(4)	-	4	-
Impact on period end ECLs of exposures transferred between stages during the period	1	(327)	2,972	2,646
Changes to inputs used for impairment calculations	(9,566)	4	-	(9,562)
Exchange difference	(2,571)	-	-	(2,571)
At 31 December 2023	101,996	6	2,976	104,978

	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
At 1 January 2022	292,349	18	-	292,367
Addition	111,667	-	-	111,667
Derecognised	(199,779)	(16)	-	(199,795)
Transfers to Stage 1	1	(1)	-	-
Transfers to Stage 2	(258)	258	-	-
Impact on period end ECLs of exposures transferred between stages during the period	85	(21)	-	64
Changes to inputs used for impairment calculations	(7,909)	17,671	-	9,762
Exchange difference	(24,225)	(1,522)	-	(25,747)
At 31 December 2022	171,931	16,387	-	188,318

43 OTHER LIABILITIES (continued)

(iii) Defined benefit schemes

The Group operates an unfunded defined benefit plan for all its retired employees. Under the plan, the employees are entitled to retirement benefits which included fully redeemed medical care, housing allowance and other retirement benefits.

The plan is exposed to interest rate risk and the risk of changes in the life expectancy for pensioners.

The most recent actuarial valuations of the present value of the defined benefit obligations were carried out at 31 December 2023 by using the projected unit credit actuarial valuation method.

Movement of retirement benefit of the Group are as follows:

	31 December 2023 HK$'000	31 December 2022 HK$'000
At beginning of the year	106,770	152,660
Current service cost	1,660	3,730
Past service cost - plan amendment	-	940
Interest cost	3,940	2,410
Actuarial losses on remeasurement	(15,805)	(48,650)
Benefit paid	(4,229)	(4,320)
At end of the year	92,336	106,770

Principal actuarial assumptions used are as follows:

	31 December 2023 HK$'000	31 December 2022 HK$'000
Discount rate	3.8%	3.8%
Expected rate of medical insurance cost increases	6.0%	6.0%
Expected rate of social entertainment cost increases	0.0%	0.0%
Expected rate of retirement souvenir cost increases	0.0%	0.0%
Expected rate of rental increases	3.0%	3.0%
Expected rate of withdrawal	3% - 18%	3% - 18%
Expected death rate	Hong Kong Life Tables 2022	Hong Kong Life Tables 2021

44 SHARE CAPITAL

	31 December 2023 HK$'000	31 December 2022 HK$'000
Issued and fully paid:		
24,689,500,000 (2022: 24,689,500,000) ordinary shares	24,975,487	24,975,487

There was no movement in share capital of the Company in 2023 and 2022.

45 OTHER EQUITY INSTRUMENTS ISSUED BY A SUBSIDIARY

	31 December 2023 HK$'000	31 December 2022 HK$'000
Other equity instruments	7,422,026	5,077,856

On 28 April 2022, NCB issued perpetual non-cumulative subordinated additional tier 1 capital securities with a face value of US$650 million, which bear a 6.50% coupon until the first call date on 28 April 2027.

On 7 March 2023, NCB issued perpetual non-cumulative subordinated additional tier 1 capital securities with a face value of US$300 million, which bear a 7.35% coupon until the first call date on 7 March 2028.

The coupon will be reset every five years if the additional equity instruments are not redeemed to a fixed rate equivalent to the then-prevailing five-year US Treasury rate plus a fixed initial spread.

During 2023, NCB has distributed coupon payment of US$53 million (2022: US$51 million) to the holders of the equity instruments.

46 LEASES

The Group as a lessee

(a) Lease liabilities

The carrying amount of lease liabilities (included under other liabilities) and the movements during the year are as follows:

	31 December 2023 HK$'000	31 December 2022 HK$'000
Carrying amount at 1 January	908,339	976,557
New leases	195,032	254,697
Accretion of interest recognized during the year	20,629	32,524
Payments	(278,533)	(286,747)
Disposal	(1,440)	(5,612)
Exchange alignment	(11,410)	(63,080)
Carrying amount at 31 December	832,617	908,339

(b) The amounts recognised in profit or loss in relation to leases are as follows:

	31 December 2023 HK$'000	31 December 2022 HK$'000
Interest on lease liabilities	20,629	32,524
Amortisation charge of right-of-use assets	260,557	270,908
Expenses relating to short-term leases and low-value assets (included in other operating expenses)	55,338	66,068
Total amount recognised in profit or loss	336,524	369,500

The Group as a lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease receivables under non-cancellable operating leases:

	31 December 2023 HK$'000	31 December 2022 HK$'000
Within one year	331,632	287,980
In the second year	347,978	297,865
In the third year	334,663	295,679
In the fourth year	258,427	244,132
In the fifth year	188,875	205,772
Later than five years	668,930	605,807
	2,130,505	1,937,235

47 LITIGATION, CONTINGENT LIABILITIES AND COMMITMENTS

(a) Outstanding litigation cases

NCB, a subsidiary of the Group, has been served a number of claims and counterclaims by various independent parties. These claims and counterclaims are in relation to the normal commercial activities of NCB.

No material provision was made against these claims and counterclaims because the directors believe that NCB has meritorious defenses against the claimants or the amounts involved in these claims are not expected to be material.

(b) Contingent liabilities

	31 December 2023 HK$'000	31 December 2022 HK$'000
Direct credit substitutes	22,417,172	26,834,992
Transaction-related contingencies	1,910,983	2,391,980
Trade-related contingencies	29,152,270	23,828,234
Asset sales with recourse	664,860	6,879,734
Commitments that are unconditionally cancellable without prior notice	135,801,299	115,318,606
Other commitments with an original maturity of		
- up to one year	3,427,209	2,425,091
- over one year	11,095,086	14,729,915
	204,468,879	192,408,552
Credit risk-weighted amount	17,743,711	24,698,341

The credit risk-adjusted weighted amount is dependent upon the status of the counterparty and the maturity characteristics of each type of contract.

(c) Capital commitments

The Group has the following outstanding capital commitments not provided for the consolidated financial statements:

	31 December 2023 HK$'000	31 December 2022 HK$'000
Authorised and contracted but not provided for	612,171	718,805
Authorised but not contracted for	72,974	16,816
	685,145	735,621

The above capital commitments mainly relate to commitments to purchase computer equipment and software, and to renovate the Group's premises.

48 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

On 16 November 2022, a court ordered to revoke a disposal of interest in an associate in 2017. Upon this date, the Group recognised the interest in associate and the corresponding residual receivables were reversed. Upon the date of recognition, the fair value of the interest in associate was RMB1,260 million.

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.

	Borrowings from central bank HK$'000	Bank and other borrowings HK$'000	Bonds issued HK$'000
At 1 January 2022	12,213	40,101,960	132,504,350
Interest expense	-	1,559,567	5,129,212
Changes from financing cash flows	(12,213)	(5,567,542)	(2,476,218)
Foreign exchange movement	-	779,928	(2,076,063)
At 31 December 2022 and 1 January 2023	-	36,873,913	133,081,281
Interest expense	-	2,376,213	3,822,579
Changes from financing cash flows	-	8,655,615	(17,211,314)
Foreign exchange movement	-	3,159,281	(931,722)
At 31 December 2023	-	51,065,022	118,760,824

49 DISPOSAL OF SUBSIDIARIES

There were no disposal of a group of subsidiaries for the Group for the year ended 31 December 2023.

On 28 September 2022, the Group entered into a series of agreements for disposal of a group of subsidiaries. The details of the disposal as at the date of disposal are set out as follows:

	28 December 2022 HK$'000
Property, plant and equipment	3,535,244
Inventories	492
Other assets	7,252
Trade receivables	1,256
Cash and cash equivalents	32,666
Accounts payable	(4,522)
Other liabilities	(20,451)
Net assets disposed of	3,551,937
Loss on disposal of subsidiaries (Note 11)	(121,937)
Satisfied by cash	3,430,000

An analysis of the net cash flow of cash and cash equivalents in respect of the disposal of the subsidiaries is as follows:

	HK$'000
Cash consideration	3,430,000
Cash and bank balances disposed of	(32,666)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	3,397,334

50 RELATED PARTY TRANSACTIONS

(a) During the year, the Group had the following transactions with related parties:

	31 December 2023 HK$'000	31 December 2022 HK$'000
Interest income	31	974
Interest expense (notes (i), (ii), (iv))	769,959	165,512
Service fee income	18,670	33,079
Management expense	73,125	9,767
Disposal loss from loans and advances (notes (v))	-	580,460

(b) As at 31 December 2023 and 2022, the Group had the following balances with related parties:

	31 December 2023 HK$'000	31 December 2022 HK$'000
Deposits from immediate holding company (note (i))	-	-
Deposits from fellow subsidiaries (note (ii))	3,522,165	2,419,853
Amounts due from immediate holding company (note (iii))	133,605	140,666
Loans payable to immediate holding company (note (iv))	-	780,895
Amounts due to immediate holding company (note (iii))	110,349	111,948
Amounts due from fellow subsidiaries (note (iii))	1,330	9,663
Amounts due to fellow subsidiaries (note (iii))	288,198	13,310

Notes:

(i) The aggregate amount of expenses of the Group arising from these transactions with the Company's immediate holding company for the year ended 31 December 2023 was HK$720,590,947 (2022: HK$38,860,000).

(ii) The aggregate amount of expenses of the Group arising from these transactions with fellow subsidiaries of the Company for the year ended 31 December 2023 was HK$49,173,681 (2022: HK$75,827,611).

(iii) The balances were unsecured, interest-free and repayable on demand.

(iv) There were no loans payable to immediate holding company for the year ended 31 December 2023 (In 2022: fixed interest at 4.45% and repayable within 1 year).

(v) The net loss arising from the disposal of loan and advances to the Company's immediate holding company.

50 RELATED PARTY TRANSACTIONS (continued)

Notes: (continued)

(c) As at 31 December 2023, bonds payable of approximately HK$51.5 billion (2022: HK$57.6 billion) were issued by the Group under a Keepwell Deed provided by its immediate holding company (Note 40(iv)).

(d) As at 31 December 2023, bank borrowings of HK$19.8 billion (2022: HK$21.8 billion) were issued by the Group under a Keepwell Deed provided by its immediate holding company (Note 34(ii)).

(e) The Group is controlled by China Cinda, which is indirectly controlled by the PRC government through the Ministry of Finance (the "MOF"). MOF is the major shareholder of China Cinda as at 31 December 2023 and 2022. For the current and prior years, the Group undertakes transactions with certain entities directly or indirectly owned by the PRC government, including but not limited to making bank deposits, receiving banking facilities, renting properties and rendering and obtaining other services. The Group is of opinion that these transactions are in normal business terms that do not require separate disclosure.

(f) Compensation of key management personnel, which refers to the directors of the Company, is disclosed in Note 17.

(g) The Group is subject to the control of the Ministry of Finance of the Government of the People's Republic of China, which also directly or indirectly controls a significant number of entities through its government authorities, agencies, affiliates and other state controlled entities. The Group enters into banking transactions with government authorities, agencies, affiliates and other state controlled entities in the normal course of business at commercial terms.

These transactions include, but are not limited to, the following:

- lending, provision of credits and guarantees, and deposit taking; inter-bank balance taking and placing;
- sales, purchases, underwriting and redemption of bonds issued by other state controlled
- entities;
- rendering of foreign exchange, remittance and investment related services; provision of fiduciary activities; and
- purchase of utilities, transport, telecommunications and postage services.

51 PARTICULARS OF SUBSIDIARIES AND CONSOLIDATED STRUCTURED ENTITIES

Name of entity	Place/country of incorporation	Paid up/ registered share issued capital	Proportion ownership interest held by the Company: Direct 2023	Direct 2022	Indirect 2023	Indirect 2022	Principal activities
China Cinda (HK) Asset Management Co ., Limited	Hong Kong	HK$2 ordinary shares	100	100	-	-	Investment in securities and investment holding
Regent Star International Limited	British Virgin Islands	US$1 ordinary share	100	100	-	-	Project investments
China Cinda Foundation Management Company Limited	Hong Kong	HK$2 ordinary shares	100	100	-	-	Investment in fund
China Cinda (HK) Investments Management Company Limited	Hong Kong	HK$1 ordinary share	100	100	-	-	Investment in securities and investment holding
Cinda (China) Investments Company Limited	Hong Kong	HK$10,000 ordinary shares	100	100	-	-	Investment holding
China Cinda (Macau) Asset Management Company Limited	Macau	MOP$100,000 ordinary share	100	100	-	-	Investment consultancy services
Well kent international holdings (macau) company Limited	Macau	MOP$100,000 ordinary share	100	100	-	-	Investment consultancy services
Well Kent International Holdings Company Limited	Hong Kong	HK$1,000,000 ordinary shares	100	100	-	-	Investment holding
China Cinda Finance (2014) II Limited	British Virgin Islands	US$1 ordinary share	100	100	-	-	Capital raising (debt issuing)
China Cinda Finance (2014) Limited	British Virgin Islands	US$1 ordinary share	100	100	-	-	Capital raising (debt issuing)
China Cinda Finance (2015) I Limited	British Virgin Islands	US$1 ordinary share	100	100	-	-	Capital raising (debt issuing)
China Cinda Finance (2015) II Limited	British Virgin Islands	US$1 ordinary share	100	100	-	-	Capital raising (debt issuing)
Kunyu Investment Limited	British Virgin Islands	US$1 ordinary share	100	100	-	-	Project investments
Cinda Financial Holdings Co ., Limited	Hong Kong	HK$68,000,001,000 ordinary shares	100	100	-	-	Bank holding
Harvest Breeze Company Limited	The Cayman Islands	US$1 ordinary share	100	100	-	-	Investment holding
弘马(上海)投资管理有限公司	The PRC	US$100,000,000 ordinary shares	100	100	-	-	Investment holding
China Cinda Finance (2017) I Limited	British Virgin Islands	US$1 ordinary share	100	100	-	-	Capital raising (debt issuing)
China Cinda Finance (2017) II Limited	British Virgin Islands	US$1 ordinary share	100	100	-	-	Capital raising (debt issuing)
China Cinda Finance (2017) III Limited	British Virgin Islands	US$1 ordinary share	100	100	-	-	Capital raising (debt issuing)
Jade Aviation, LLC	The Cayman Islands/Ireland	US$87,439,794 ordinary shares	80	80	-	-	Aircraft leasing
Zhongchang International Holdings Group Limited	Hong Kong	HK$1 ordinary share	75	75	-	-	Investment holding

51 PARTICULARS OF SUBSIDIARIES AND CONSOLIDATED STRUCTURED ENTITIES (continued)

Name of entity	Place/country of incorporation	Paid up/ registered share issued capital	Proportion ownership interest held by the Company: Direct 2023	Direct 2022	Indirect 2023	Indirect 2022	Principal activities
China Cinda (2020) I Management Limited	British Virgin Islands	US$10,000 ordinary shares	100	100	-	-	Capital raising (debt issuing)
Mankind Investment Limited	British Virgin Islands	US$1 ordinary share	-	-	100	100	Investment in securities
Reca Investment Limited	British Virgin Islands	US$1 ordinary share	-	-	100	100	Investment holding
Cinda International High Grade Fund A,L.P.	The Cayman Islands	US$1 ordinary share	-	-	100	100	Project investments
High Grade (HK) Investment Management Limited	Hong Kong	HK$100	-	-	100	100	Project investments
CCAM Capital Limited	The Cayman Islands	US$1 ordinary share	-	-	100	100	Investment holding
Cocina International Limited	British Virgin Islands	US$1 ordinary share	-	-	100	100	Project investments
CC Distressed Asset Management Cayman GP Limited	The Cayman Islands	US$50,000 ordinary shares	-	-	100	100	Project investments
Innotek Resources Limited	British Virgin Islands	US$1 ordinary share	-	-	100	100	Project investments
Sunkits Resources Limited	British Virgin Islands	US$1 ordinary share	-	-	100	100	Project Investments
Heroic Season Limited	The Cayman Islands	US$100 ordinary shares	-	-	100	100	Investment holding
Summer 610 Limited	The Cayman Islands	US$1 ordinary share	-	-	100	100	Project investments
JD Hecate Limited	The Cayman Islands	US$50,000 ordinary shares	-	-	100	100	Project investments
JD Elan Yorktown Limited	The Cayman Islands	US$50,000 ordinary shares	-	-	100	100	Project investments
International High Grade Fund B. LP	The Cayman Islands	US$770,000,000	-	-	100	100	Project investments
Cinda International HGB Investment (UK) Limited	United Kingdom	US$734,300,037	-	-	100	100	Project investments
Cinda Agriculture Investment Limited	The Cayman Islands	US$734,300,037	-	-	100	100	Project investments
Voyage Fortune Limited	British Virgin Islands	US$1 ordinary share	-	-	100	100	Project investments
Champion Alliance Development Limited	British Virgin Islands	US$50,000 ordinary shares	-	-	100	100	Project investments
Cyan Hill Portfolio Holding Limited	The Cayman Islands	US$1 ordinary share	-	-	100	100	Project investments
Cinda 610 Lexington Holdings LLC	United States	US$1 ordinary share	-	-	99	99	Project investments
Cinda 610 Lexington LP LLC	United States	US$1 ordinary share	-	-	99	99	Project investments
Cindat OZRE Credit Limited	The Cayman Islands	US$1 ordinary share	-	-	100	100	Project investments
Cindat OZRE Credit LLC	United States	US$1 ordinary share	-	-	100	100	Project investments
Och-Ziff Real Estate Credit Fund L.P.	United States	US$1 ordinary share	-	-	100	100	Project investments
Cindat Credit Opportunities Fund I, L.P.	The Cayman Islands	US$50,000 ordinary share	-	-	99	99	Project investments
Cindat Halo Investment Limited	The Cayman Islands	US$50,000 ordinary share	-	-	100	100	Project investments
COFI Espresso Limited	The Cayman Islands	US$50,000 ordinary share	-	-	100	100	Project investments
Cindat Nephthys Holding Limited	The Cayman Islands	US$1 ordinary share	-	-	100	100	Project investments
Cindat WT1 Portfolio Call Limited	The Cayman Islands	US$50,000 ordinary share	-	-	100	100	Project investments
Cindat WT call LLC	The Cayman Islands	US$50,000 ordinary share	-	-	100	100	Project investments

51 PARTICULARS OF SUBSIDIARIES AND CONSOLIDATED STRUCTURED ENTITIES (continued)

Name of entity	Place/country of incorporation	Paid up/ registered share issued capital	Proportion ownership interest held by the Company				Principal activities
			Direct		Indirect		
			2023	2022	2023	2022	
Delta Portfolio Group Holdings 2 Limited	Isle of Man	GBP$1 ordinary share	-	-	100	100	Project investments
Cinda Sino-Rock Investment (Cayman) Limited Partnership	The Cayman Islands	US$50,000 ordinary share	-	-	91	91	Project investments
Cinda Sino-Rock International Energy Company Limited	British Virgin Islands	US$50,000 ordinary share	-	-	100	100	Project investments
JD Cinda Intl Elan Yorktown Holdings LP	United States	US$15,306,122 ordinary share	-	-	98	98	Project investments
JD capital Intl Excelsior Parc Holdings LP	United States	US$30,612,245 ordinary share	-	-	98	98	Project investments
Trendy Win Holdings Limited	British Virgin Islands	US$61 ordinary shares US$39 preferred shares	-	-	61	61	Investment holding
Cindat Delta Portfolio Limited	The Cayman Islands	US$1 ordinary share	-	-	100	100	Project investments
Bountiful State Limited	British Virgin Islands	US$10,000 ordinary shares	-	-	100	100	Project investments
Chang An Limited	The Cayman Islands	US$50,000 ordinary shares	-	-	89	-	Investment holding
Cinda Leasing (HK) Co., Limited	Hong Kong	HK$100	-	-	100	100	Investment holding
Hope Rosy Limited	British Virgin Islands	US$1 ordinary share	-	-	100	100	Project investments
Novel Sunrise Investments Limited	British Virgin Islands	US$12 ordinary shares	-	-	100	100	Project investments
Vantage Beauty (HK) Limited	Hong Kong	US$1 ordinary share	-	-	100	100	Investment holding
Vantage Beauty Limited	The Cayman Islands	US$1 ordinary share	-	-	100	100	Project investments
Harvest Breeze Company Limited	The Cayman Islands	US$1 ordinary share	-	-	100	100	Project investments
Alliance Light Limited	Hong Kong	HK$10,000 ordinary shares, 500 Preferred Shares	-	-	100	-	Investment holding
华建国际实业(深圳)有限公司	The PRC	RMB424,195,470 registered capital	-	-	100	100	Equity investment and investment consultancy services
深圳市前海华建股权投资有限公司	The PRC	RMB110,000,000 registered capital	-	-	100	100	Equity investment and investment consultancy services
宁波信达华建投资有限公司	The PRC	RMB10,000,000 registered capital	-	-	100	100	Equity investment and investment consultancy services
杭州信达华屹投资管理有限公司	The PRC	RMB5,000,000 registered capital	-	-	100	100	Equity investment and investment consultancy services
杭州华屹芯峰股权投资合伙企业(有限合伙)	The PRC	RMB10,010,000 registered capital	-	-	100	100	Equity investment and investment consultancy services
杭州犇牛物业管理有限公司	The PRC	RMB10,000,000 registered capital	-	-	100	100	Property management and agency
杭州寅瑞物业管理有限公司	The PRC	RMB1,000,000 registered capital	-	-	100	100	Property management and agency

51 PARTICULARS OF SUBSIDIARIES AND CONSOLIDATED STRUCTURED ENTITIES (continued)

Name of entity	Place/country of incorporation	Paid up/ registered share issued capital	Proportion ownership interest held by the Company				Principal activities
			Direct		Indirect		
			2023	2022	2023	2022	
深圳市深润川实业有限公司	The PRC	RMB202,000,000 registered capital	-	-	100	100	Equity investment and investment consultancy services
深圳市华熙德保投资有限公司	The PRC	RMB100,010,000 registered capital	-	-	100	100	Equity investment and investment consultancy services
深圳市松岗镇第二工业村投资有限公司	The PRC	RMB20,830,000 registered capital	-	-	100	100	Equity investment and investment consultancy services
宁波惟精璟璺股权投资合伙企业(有限合伙)	The PRC	RMB491,000,000 registered capital	-	-	100	100	Equity investment and investment consultancy services
厦门红土和众壹号股权投资合伙企业(有限合伙)	The PRC	RMB151,500,000 registered capital	-	-	99	99	Equity investment and investment consultancy services
芜湖信石信润资产管理合伙企业(有限合伙)	The PRC	RMB10,100,000 registered capital	-	-	95	95	Equity investment and investment consultancy services
芜湖信石信旭股权投资合伙企业(有限合伙)	The PRC	RMB201,000,000 registered capital	-	-	100	100	Equity investment and investment consultancy services
芜湖信石信耀股权投资合伙企业（有限合伙）	The PRC	RMB 52,050,000 registered capital	-	-	99	-	Equity investment and investment consultancy services
杭州昕达物业管理有限公司	The PRC	RMB100,000 registered capital	-	-	100	-	Property management and agency
杭州信同企业管理合伙企业(有限合伙)	The PRC	RMB359,000,000 registered capital	-	-	99	99	Equity investment and investment consultancy services
宁波华建鼎盛股权投资合伙企业(有限合伙)	The PRC	RMB1,001,000,000 registered capital	-	-	100	100	Equity investment and investment consultancy services
金谷金益8号事务管理类财产权信托	The PRC	RMB450,000,000 registered capital	-	-	100	100	Equity investment and investment consultancy services
国通信托信达正兴隆财产权信托信托合同	The PRC	RMB500,000,000 registered capital	-	-	100	100	Equity investment and investment consultancy services
深圳信城元佑实业发展合伙企业（有限合伙）	The PRC	RMB267,800,000 registered capital	-	-	100	-	Equity investment and investment consultancy services

51 PARTICULARS OF SUBSIDIARIES AND CONSOLIDATED STRUCTURED ENTITIES (continued)

Name of entity	Place/country of incorporation	Paid up/ registered share issued capital	Proportion ownership interest held by the Company: Direct 2023	Direct 2022	Indirect 2023	Indirect 2022	Principal activities
南洋商业银行有限公司	Hong Kong	HK$3,144,517,000 registered capital	-	-	100	100	Provision of banking services
南洋商业银行(代理人)有限公司	Hong Kong	HK$50,000 registered capital	-	-	100	100	Nominee services
广利南投资管理有限公司	Hong Kong	HK$3,050,000 registered capital	-	-	100	100	Investment agency
南洋商业银行信托有限公司	Hong Kong	HK$3,000,000 registered capital	-	-	100	100	Trustee services
南洋商业银行(中国)有限公司	The PRC	RMB9,500,000,000 registered capital	-	-	100	100	Provision of banking services
南商财富管理顾问有限公司	Hong Kong	HK$22,000,000 registered capital	-	-	100	100	Provision of insurance broker consultancy services

The financial impact of each of the private equity funds, trusts, asset management plans on the Group's financial position as at 31 December 2023 and 2022, and results and cash flows for the years ended 31 December 2023 and 2022, though consolidated, were not significant and therefore were not disclosed separately.

Interests in all consolidated structured entities directly held by the Company amounted to HK$13,590 million and HK$4,995 million at 31 December 2023 and 2022, respectively. Interests held by other interest holders are presented as changes in net assets attributable to other holders of consolidated structured entities in the consolidated statement of profit or loss and included in other liabilities in the consolidated statement of financial position as set out in Note 43 Other liabilities.

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non- controlling interests as at 31 December 2023 and 31 December 2022:

Name of subsidiary	Place of incorporation/ principal place of business	Proportion of ownership interests and voting rights held by on-controlling interests 2023 %	2022 %	(Loss)/Profit allocated to non-controlling interests 31 December 2023 HK$'000	31 December 2022 HK$'000	Accumulated non-controlling interests 31 December 2023 HK$'000	31 December 2022 HK$'000
Jade Aviation, LLC	The Cayman Islands/ Ireland	20	20	17,248	16,539	156,573	126,621
Zhongchang International Holdings Group Limited	Hong Kong	25	25	(26,986)	37,543	306,146	295,176
Chang An Limited	Hong Kong	11	-	(76)	-	(76)	-
Other subsidiaries with non-controlling interests	N/A	NA	N/A	(54,334)	(5,584)	(7,228)	117,411
				(64,148)	48,498	455,415	539,208

52 INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

Nature of interests

An entity shall disclose qualitative and quantitative information about its interests in unconsolidated structured entities, including, but not limited to, the nature, purpose, size and activities of the structured entity and how the structured entity is financed.

If an entity has sponsored an unconsolidated structured entity for which it does not provide information required by nature of risks (e.g. because it does not have an interest in the entity at the reporting date), the entity shall disclose:

a. how it has determined which structured entities it has sponsored;

b. income from those structured entities during the reporting period, including a description of the types of income presented; and

c. the carrying amount (at the time of transfer) of all assets transferred to those structured entities during the reporting period.

Nature of risks

An entity shall disclose in tabular format, unless another format is more appropriate, a summary of:

a. the carrying amounts of the assets and liabilities recognised in its financial statements relating to its interests in unconsolidated structured entities.

b. the line items in the statement of financial position in which those assets and liabilities are recognised.

c. the amount that best represents the entity's maximum exposure to loss from its interests in unconsolidated structured entities, including how the maximum exposure to loss is determined. If an entity cannot quantify its maximum exposure to loss from its interests in unconsolidated structured entities it shall disclose that fact and the reasons.

d. a comparison of the carrying amounts of the assets and liabilities of the entity that relate to its interests in unconsolidated structured entities and the entity's maximum exposure to loss from those entities.

52 INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES (continued)

Nature of risks (continued)

If during the reporting period an entity has, without having a contractual obligation to do so, provided financial or other support to an unconsolidated structured entity in which it previously had or currently has an interest (for example, purchasing assets of or instruments issued by the structured entity), the entity shall disclose:

a. the type and amount of support provided, including situations in which the entity assisted the structured entity in obtaining financial support; and the reasons for providing the support.

b. An entity shall disclose any current intentions to provide financial or other support to an unconsolidated structured entity, including intentions to assist the structured entity in obtaining financial support.

The Group is principally involved with structured entities through financial investments. These structured entities generally purchase assets through financing. The Group determines whether or not to consolidate these structured entities depending on whether the Group has control over them. The unconsolidated structured entities include private equity funds, trust products, asset management plans and mutual funds, etc. The interests held by the Group in the unconsolidated structured entities are set out as below.

As at 31 December 2023, the maximum exposure to risk and the book value of relevant investments of the Group rising from the interests held in directly invested structured entities that are sponsored by the Group or the third party financial institutions are set out as below:

	31 December 2023		31 December 2022	
	Carrying amount HK$'000	Maximum exposure to risk HK$'000	Carrying amount HK$'000	Maximum exposure to risk HK$'000
Financial assets at fair value through profit or loss	25,539,389	25,539,389	34,146,907	34,146,907
Interest in associates and joint ventures	1,314,794	1,314,794	1,693,316	1,693,316
	26,854,183	26,854,183	35,840,223	35,840,223

53 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	31 December 2023 HK$'000	31 December 2022 HK$'000
ASSETS		
Deposits with banks and financial institutions	2,420,710	5,611,991
Loans and advances to customers	2,881,594	3,593,349
Investment in subsidiaries	68,775,162	68,775,162
Investment properties	114,000	140,100
Property, plant and equipment	13,393	13,489
Right-of-use assets	71,343	75,289
Other assets	65,328,906	51,628,230
	139,605,108	129,837,610
LIABILITIES		
Bank and other borrowings	41,983,755	32,055,359
Tax payable	-	-
Deferred tax liabilities	12,643	17,698
Lease liabilities	82,250	84,125
Other liabilities	91,291,783	89,195,384
	133,370,431	121,352,566
NET ASSETS	6,234,677	8,485,044
EQUITY		
Share capital	24,975,487	24,975,487
Accumulated losses	(18,814,628)	(16,564,345)
Reserves (Note)	73,818	73,902
TOTAL EQUITY	6,234,677	8,485,044

Liang Senlin
Director

Huang Qiang
Director

53 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share capital HK$'000	Accumulated losses HK$'000	Investment* revaluation reserve HK$'000	Property* revaluation reserve HK$'000	Total HK$'000
At 1 January 2022	24,975,487	(13,553,737)	70	73,999	11,495,819
Loss for the year	-	(3,010,608)	-	-	(3,010,608)
Other comprehensive income for the year	-	-	-	(167)	(167)
Items that will not be reclassified subsequently to profit or loss:					
- Revaluation of property, plant and equipment	-	-	-	(200)	(200)
- Deferred tax arising from revaluation	-	-	-	33	33
Total comprehensive income for the year	-	(3,010,608)	-	(167)	(3,010,775)
At 31 December 2022 and 1 January 2023	24,975,487	(16,564,345)	70	73,832	8,485,044
Loss for the year	-	(2,250,283)	-	-	(2,250,283)
Other comprehensive income for the year	-	-	-	(84)	(84)
Items that will not be reclassified subsequently to profit or loss:					
- Revaluation of property, plant and equipment	-	-	-	(84)	(84)
- Deferred tax arising from revaluation	-	-	-	-	-
Total comprehensive income for the year	-	(2,250,283)	-	(84)	(2,250,367)
At 31 December 2023	24,975,487	(18,814,628)	70	73,748	6,234,677

*Represented the reserves in the statement of financial position of the Company.

54 EVENTS AFTER THE REPORTING PERIOD

Repayment of guaranteed senior notes

On 18 March 2024, 华建国际实业(深圳)有限公司, a wholly-owned subsidiary of the Company, publicly issued corporation bonds in the Shanghai Stock Exchange, with a fixed coupon rate of 3.37% and 3.1% respectively, payable annually and guaranteed by the Company.

On 29 April 2024, 华建国际实业(深圳)有限公司, a wholly-owned subsidiary of the Company, publicly issued corporation bonds in the Shanghai Stock Exchange, with a fixed coupon rate of 2.77% respectively, payable annually and guaranteed by the Company.

55 APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 10 May 2024.

Report of the Directors and Financial Statements

CHINA CINDA (HK) HOLDINGS COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

For the year ended 31 December 2022

CONTENTS

CHINA CINDA (HK) HOLDINGS COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited consolidated financial statements of China Cinda (HK) Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2022.

Principal activity
The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in note 48 to the consolidated financial statements. There were no significant changes in the nature of the Company's and its subsidiaries' principal activities during the year.

Results
The results of the Group for the year ended 31 December 2022 and the state of the Group's financial position as at that date are set out in the consolidated financial statements on pages 6 to 128.

Charitable contributions
During the year, the Group made charitable contribution totaling HK$2,509,883 (2021: HK$5,089,000).

Share capital
Details of movements of share capital of the Company during the year are set out in note 41 to the consolidated financial statements.

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

Feng Xing[1]
Huang Qiang
Liang Senlin
Shen Hongpu
Shen Jiamu[2]
Yu Fan[3]
Ren Li[4]
Wang Jianli[5]

The persons who were directors of the subsidiaries of the Company during the year (not including those directors listed above) and up to the date of this report were:

Cao Yabing	Chan Sai Ming[6]	Chen YuQuan	Chen Zhiwei
Cheng Kinkong[7]	Chiu Lai Kuen, Susanna	Chong Un Fong	Daniel Marc Richard Jaffe[8]
Peng Gang	Gong Yunfan	Huang Limei	Huang Qiang
Ku Ka Lee	Lan Hong Tsung, David	Lau Mun Chung	Lau Hon Chuen
Li Sha	Li Shu Pui	Liang Senlin	Liu Jun
Lu Jixian	Raheel Shenzad Khan	Shao Qi	Sun Jiandong
Tang Lunfei	Wenda Margaretha Adriaanse	Wu Jun	Xing Xiaoyu
Yang Yingxun	Yiu Kwai Chu	Zhang Qin	Zhang Weidong
Zhang Yanshuai	Zhou Lu		

[1] resigned effective from 4 November 2022
[2] resigned effective from 11 April 2022
[3] resigned effective from 8 April 2022
[4] appointed effective from 4 November 2022
[5] appointed effective from 4 November 2022
[6] resigned effective from 1 February 2023
[7] appointed effective from 12 January 2022
[8] resigned effective from 31 January 2023

There being no provision in the Company's articles of association for retirement by rotation, all existing directors continue in office.

Directors' interests in contracts
No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company or any of the Company's holding company, subsidiaries or fellow subsidiaries was a party during the year.

Directors' interests in equity or debt securities
At no time during the year was the Company or any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Permitted indemnity provision
The Company's bye-laws provides that the directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty in their offices, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any directors. A Directors' Liability Insurance is in place to protect the directors against potential costs and liabilities arising from claims brought against the directors.

Events after the reporting period
Details of the significant events of the Group after the reporting period are set out in note 51 to the consolidated financial statements.

Auditors
The financial statements of the Group for the year ended 31 December 2022 have been audited by Ernst & Young.

ON BEHALF OF THE BOARD

....
Liang Senlin
Director

Hong Kong
28 April 2023

Ernst & Young
27/F, One Taikoo Place
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Quarry Bay, Hong Kong

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Independent auditor's report
To the members of China Cinda (HK) Holdings Company Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the consolidated financial statements of China Cinda (HK) Holdings Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 6 to 128, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the consolidated financial statements and auditor's report thereon
The directors of the Company are responsible for the other information. The other information comprises the information included in the report of the directors.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

A member firm of Ernst & Young Global Limited

Independent auditor's report (continued)
To the members of China Cinda (HK) Holdings Company Limited
(Incorporated in Hong Kong with limited liability)

Responsibilities of the directors for the consolidated financial statements
The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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 of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement 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 of the Company.

- 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.

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Independent auditor's report (continued)
To the members of China Cinda (HK) Holdings Company Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors of the Company 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.

Ernst & Young

Certified Public Accountants

Hong Kong
28 April 2023

A member firm of Ernst & Young Global Limited

CHINA CINDA (HK) HOLDINGS COMPANY LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
Interest income	6	11,903,503	10,066,656
Net gains/(losses) on financial assets at fair value through profit or loss	7	603,429	(242,334)
Investment income	8	3,351,357	2,056,889
Commission and fee income	9	1,397,821	1,917,636
Other income and gains, net	10	679,954	887,469
		17,936,064	14,686,316
Interest expense	11	(13,075,366)	(11,371,963)
Commission and fee expense		(176,461)	(160,393)
Other operating expenses	12	(4,533,141)	(4,390,010)
Impairment losses	13	(2,513,785)	(2,470,911)
		(20,298,753)	(18,393,277)
LOSS BEFORE SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES, AND TAX		(2,362,689)	(3,706,961)
Share of results of associates and joint ventures		2,719,215	1,072,520
PROFIT/(LOSS) BEFORE TAX		356,526	(2,634,441)
Income tax expense	14	(630,444)	(694,673)
LOSS FOR THE YEAR		(273,918)	(3,329,114)
Attributable to:			
Equity holders of the Company		(723,631)	(3,770,066)
Other equity instruments issued by a subsidiary		401,215	463,455
Non-controlling interests		48,498	(22,503)
		(273,918)	(3,329,114)

CHINA CINDA (HK) HOLDINGS COMPANY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022 HK$'000	2021 HK$'000
LOSS FOR THE YEAR	(273,918)	(3,329,114)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		
Items that will not be reclassified subsequently to profit or loss:		
Revaluation of property, plant and equipment, net of tax	10,161	(159,329)
Net losses arising from fair value changes of equity instruments classified as financial assets at fair value through other comprehensive income, net of tax	(29,082)	(4,176)
	(18,921)	(163,505)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(2,965,868)	262,124
Reclassification of translation reserve arising from a full disposal of a foreign-operation associate	-	644,563
Reclassification of translation reserve arising from a partial disposal of a foreign-operation associate	137,454	-
Reclassification of investment revaluation reserve arising from partial disposal of a foreign-operation associate	(55,814)	-
Net (loss)/gain arising from fair value changes of debt instruments classified as financial assets at fair value through other comprehensive income, net of tax	(1,681,943)	91,114
Reclassification of investment revaluation reserve arising from impairment on financial assets at fair value through other comprehensive income	176,908	82,277
Reclassification of investment revaluation reserve arising from disposal of financial assets at fair value through other comprehensive income	(252,598)	(178,781)
Share of associates' investment revaluation reserves	(35,950)	(40,651)
	(4,677,811)	860,646
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	(4,696,732)	697,141
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(4,970,650)	(2,631,973)
Total comprehensive income attributable to:		
Equity holders of the Company	(5,402,238)	(3,063,129)
Other equity instruments issued by a subsidiary	401,215	463,455
Non-controlling interests	30,373	(32,299)
	(4,970,650)	(2,631,973)

CHINA CINDA (HK) HOLDINGS COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
ASSETS			
Cash and balances with central banks	16	18,609,580	22,067,095
Deposits with banks and financial institutions	17	20,360,414	22,818,302
Placements with banks and financial institutions	18	38,538,179	30,187,057
Financial investments	19	211,670,138	204,996,705
Trade receivables	21	273,913	1,066,306
Loans and advances to customers	22	304,442,703	313,651,158
Loans granted under repurchase agreements	23	4,566,364	1,945,453
Interests in associates and joint ventures	24	9,931,186	9,336,457
Investment properties	25	3,065,669	2,928,069
Property, plant and equipment, and right-of-use assets	26	11,480,121	14,690,275
Inventories	27	-	412
Intangible assets	28	4,194,698	4,085,054
Goodwill	29	25,851,817	25,851,817
Deferred tax assets	30	749,746	759,048
Other assets	31	6,790,078	8,435,710
Total assets		660,524,606	662,818,918
LIABILITIES			
Borrowings from the central bank		-	12,213
Bank and other borrowings	32	36,873,913	40,101,960
Placements from banks and financial institutions	33	7,708,871	9,346,244
Financial liabilities at fair value through profit or loss	34	11,718,864	9,257,238
Financial assets sold under repurchase agreements	35	34,234,558	8,528,856
Accounts payable	36	623,826	556,143
Tax payable		516,734	629,747
Bonds issued	37	133,081,281	132,504,350
Due to customers	38	379,007,877	382,852,359
Deposits from banks and financial institutions	39	16,325,086	26,218,161
Deferred tax liabilities	30	1,377,142	1,916,474
Other liabilities	40	4,199,585	6,470,028
Total liabilities		625,667,737	618,393,773

CHINA CINDA (HK) HOLDINGS COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
EQUITY			
Share capital	41	24,975,487	24,975,487
Retained earnings		6,468,976	6,736,190
Reserves		(2,204,658)	2,889,743
Equity attributable to equity holders of the Company		29,239,805	34,601,420
Other equity instruments issued by a subsidiary	42	5,077,856	9,314,890
Non-controlling interests		539,208	508,835
Total equity		34,856,869	44,425,145
Total equity and liabilities		660,524,606	662,818,918

Liang Senlin
Director

Huang Qiang
Director

CHINA CINDA (HK) HOLDINGS COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2022

	Attributable to equity holders of the Group										
	Share capital HK$'000	Retained earnings HK$'000	Property revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Translation reserve HK$'000	Statutory reserve HK$'000 (note (a))	Other reserve HK$'000	Total HK$'000	Other equity instruments issued by a subsidiary HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2022	24,975,487	6,736,190	38,553	632,497	912,711	1,152,408	153,574	34,601,420	9,314,890	508,835	44,425,145
Loss for the year	-	(723,631)	-	-	-	-	-	(723,631)	401,215	48,498	(273,918)
Other comprehensive income for the year	-	-	10,161	(1,878,479)	(2,810,289)	-	-	(4,678,607)	-	(18,125)	(4,696,732)
Total comprehensive income for the year	-	(723,631)	10,161	(1,878,479)	(2,810,289)	-	-	(5,402,238)	401,215	30,373	(4,970,650)
Actuarial gains on defined benefit plan	-	40,623	-	-	-	-	-	40,623	-	-	40,623
Issue of other equity instruments issued by a subsidiary	-	-	-	-	-	-	-	-	5,077,856	-	5,077,856
Redemption of other equity instruments issued by a subsidiary	-	-	-	-	-	-	-	-	(9,314,890)	-	(9,314,890)
Distribution payment for other equity instruments issued by a subsidiary	-	-	-	-	-	-	-	-	(401,215)	-	(401,215)
Transfer from statutory reserve	-	415,794	-	-	-	(415,794)	-	-	-	-	-
At 31 December 2022	24,975,487	6,468,976	48,714	(1,245,982)	(1,897,578)	736,614	153,574	29,239,805	5,077,856	539,208	34,856,869

Note:

(a) Certain subsidiaries are subject to the statutory requirements on statutory reserve. In accordance with statutory requirements in the People's Republic of China, other than Hong Kong (the "PRC"), subsidiaries registered in the PRC are required to transfer a certain percentage of the annual net income from retained earnings to the statutory reserve, until the statutory reserve is accumulated up to 50% of its registered capital. Under normal circumstances, the statutory reserve is not allowed to be distributed to the subsidiary's equity holders as dividends. The statutory reserve shall only be used for making good losses, capitalisation into paid-in capital and expansion of its productions and operations.

In accordance with the requirement of the Hong Kong Monetary Authority ("HKMA"), parts of the retained earnings of Nanyang Commercial Bank, Limited ("NCB") are set aside for general banking risks, including future losses or other unforeseeable risks, in addition to the loan impairment allowances recognised.

CHINA CINDA (HK) HOLDINGS COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 31 December 2022

	Attributable to equity holders of the Group										
	Share capital HK$'000	Retained earnings HK$'000	Property revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Translation reserve HK$'000	Statutory reserve HK$'000 (note (a))	Other reserve HK$'000	Total HK$'000	Other equity instruments issued by a subsidiary HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2021	24,975,487	10,770,567	197,882	682,714	(3,772)	884,815	(39,272)	37,468,421	9,314,890	541,134	47,324,445
Loss for the year	-	(3,770,066)	-	-	-	-	-	(3,770,066)	463,455	(22,503)	(3,329,114)
Other comprehensive income for the year	-	-	(159,329)	(50,217)	916,483	-	-	706,937	-	(9,796)	697,141
Total comprehensive income for the year	-	(3,770,066)	(159,329)	(50,217)	916,483	-	-	(3,063,129)	463,455	(32,299)	(2,631,973)
Actuarial gains on defined benefit plan	-	3,282	-	-	-	-	-	3,282	-	-	3,282
Distribution payment for other equity instruments issued by a subsidiary	-	-	-	-	-	-	-	-	(463,455)	-	(463,455)
Movement arising from an equity transaction from an associate (note (b))	-	-	-	-	-	-	192,846	192,846	-	-	192,846
Transfer to statutory reserve	-	(267,593)	-	-	-	267,593	-	-	-	-	-
At 31 December 2021	24,975,487	6,736,190	38,553	632,497	912,711	1,152,408	153,574	34,601,420	9,314,890	508,835	44,425,145

Notes:

(a) Certain subsidiaries are subject to the statutory requirements on statutory reserve. In accordance with statutory requirements in the People's Republic of China, other than Hong Kong (the "PRC"), subsidiaries registered in the PRC are required to transfer a certain percentage of the annual net income from retained earnings to the statutory reserve, until the statutory reserve is accumulated up to 50% of its registered capital. Under normal circumstances, the statutory reserve is not allowed to be distributed to the subsidiary's equity holders as dividends. The statutory reserve shall only be used for making good losses, capitalisation into paid-in capital and expansion of its productions and operations.

In accordance with the requirement of the Hong Kong Monetary Authority ("HKMA"), parts of the retained earnings of Nanyang Commercial Bank, Limited ("NCB") are set aside for general banking risks, including future losses or other unforeseeable risks, in addition to the loan impairment allowances recognised.

(b) During the year ended 31 December 2021, an associate of the Group has been provided with a US$775 million loan by its controlling shareholder for redemption of its external bonds on issue. The associate has applied an effective interest method to re-value the loan at the inception date and taken into account the implicit discount between the arms-length commercial interest rate and the actual interest rate. Since it is a transaction between the associate and its controlling shareholder, i.e., an equity transaction, the difference arising from the revaluation is recognised to the equity, and the Group has recognised its share of the amount in other reserve correspondingly.

CHINA CINDA (HK) HOLDINGS COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	2022 HK$'000	2021 HK$'000 (Restated)
OPERATING ACTIVITIES		
Profit/(loss) before tax	356,526	(2,634,441)
Adjustments for:		
Net losses on disposal of property, plant and equipment	8,520	10,167
Depreciation of property, plant and equipment	533,999	543,168
Amortisation of right-of-use assets	270,908	262,698
Amortisation of intangible assets	311,411	309,544
Finance costs	13,075,366	11,371,963
Impairment losses	2,513,785	2,470,911
Share of results of associates and joint ventures	(2,719,215)	(1,072,520)
Dividend income	(813,477)	(889,097)
Interest income from bank deposits and investments	(4,466,384)	(3,279,316)
Net (gains)/losses on disposal of financial investments	(803,491)	161,313
Net losses/(gains) on disposal of subsidiaries	121,937	(414,955)
Loss recycled from translation reserve and revaluation reserve due to a partial disposal of an associate	81,640	-
Net gains from a partial disposal of an associate	(109,843)	-
Decrease in fair value of investment properties	51,503	31,321
Operating cash flows before movements in working capital	8,413,185	6,870,756
Decrease in trade receivables	726,507	94,266
Increase in inventories	(80)	(62,581)
Decrease/(increase) in other assets	85,171	(1,618,515)
Decrease/(increase) in loans and advances to customers	7,585,196	(8,997,339)
Decrease/(increase) in financial assets at fair value through profit or loss	5,873,540	(2,097,205)
Increase in other financial investments	(15,593,049)	(4,227,086)
Increase in loans granted under repurchase agreements	(2,618,087)	(760,684)
Decrease in placements from banks and financial institutions	(1,694,045)	(3,681,087)
Increase/(decrease) in accounts payable	72,205	(161,844)
(Decrease)/increase in other liabilities	(2,106,395)	279,615
Increase/(decrease) in financial assets sold under repurchase agreements	25,267,012	(9,107,709)
(Decrease)/increase in due to customers	(4,599,976)	35,416,466
Increase in financial liabilities at fair value through profit or loss	2,461,626	637,582
(Decrease)/increase in deposits from banks and financial institutions	(9,837,326)	5,254,375
Increase in deposits with and placements with banks and financial institutions with a maturity over 3 months and restricted and pledged deposits	(2,467,847)	(414,785)
Interest received from banks and investments	4,451,056	3,376,828
Interest paid for operating activities	(7,098,317)	(6,235,571)
Dividend received from operating activities	954,151	899,825
Cash generated from operations	9,874,527	15,465,307
Tax paid	(862,796)	(752,175)
Net cash flows from operating activities	9,011,731	14,713,132

CHINA CINDA (HK) HOLDINGS COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 December 2022

	2022 HK$'000	2021 HK$'000 (Restated)
INVESTING ACTIVITIES		
Purchases of property, plant and equipment and investment properties	(1,477,486)	(795,751)
Proceeds from disposal of property, plant and equipment	31,117	519,854
Addition of intangible assets	(447,723)	(86,329)
Proceeds from a partial disposal of associates	1,281,010	-
Dividends received	1,388,859	59,043
Net cash inflows/(outflows) from disposal of subsidiaries	3,397,334	(99,582)
Net cash flows from/(used in) investing activities	4,173,111	(402,765)
FINANCING ACTIVITIES		
Finance costs paid	(5,122,428)	(4,932,914)
New borrowings from the central bank	-	12,213
Repayment of borrowings from the central bank	(12,213)	-
New bank and other borrowings raised	11,689,269	6,821,168
Repayment of bank and other borrowings	(15,697,244)	(23,437,550)
Receipts from bonds issued	45,120,508	52,987,894
Repayment of bonds issued	(42,467,514)	(34,161,932)
Lease payments	(286,747)	(265,149)
Issue of other equity instruments issued by a subsidiary	5,077,856	-
Redemption of other equity instruments issued by a subsidiary	(9,314,890)	-
Distribution payment for other equity instruments issued by a subsidiary	(401,215)	(463,455)
Net cash flows used in financing activities	(11,414,618)	(3,439,725)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,770,224	10,870,642
Cash and cash equivalents at beginning of year	64,040,077	50,949,871
Effect of foreign exchange rate changes, net	(1,802,352)	2,219,564
CASH AND CASH EQUIVALENTS AT END OF YEAR	64,007,949	64,040,077

CHINA CINDA (HK) HOLDINGS COMPANY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 December 2022

	2022 HK$'000	2021 HK$'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances with central banks	18,609,580	22,067,095
Deposits with banks and financial institutions	20,360,414	22,818,302
Placements with banks and financial institutions	38,538,179	30,187,057
Cash and cash equivalents as stated in the consolidated statement of financial position	77,508,173	75,072,454
Restricted and pledged deposits	(7,226,531)	(9,436,333)
Deposits with banks and financial institutions with original maturity over three months	(1,178,349)	(1,285,898)
Placements with banks and financial institutions with original maturity over three months	(5,095,344)	(310,146)
Cash and cash equivalents as stated in the consolidated statement of cash flows	64,007,949	64,040,077

1. CORPORATE INFORMATION

China Cinda (HK) Holdings Company Limited (the "Company") is a limited liability company incorporated in Hong Kong. Its registered office and principal place of business are located at Floor 12, AIA Central, No. 1 Connaught Road Central, Central, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- investment holding
- provision of banking and related financial services
- provision of asset management and related financial services
- provision of consulting and advisory business on finance and other financial services

In the opinion of the directors, the Company's immediate and ultimate holding company is China Cinda Asset Management Co., Ltd. ("China Cinda"), a company registered in the PRC and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "HKEX").

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

2.2 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, except for land and buildings in property, plant and equipment, investment properties, precious metals in other receivables, certain financial investments which have been measured at fair value and certain financial liabilities at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Certain comparatives in the consolidated statements of cash flows have been restated to conform with the current year changes.

2.2 BASIS OF PREPARATION (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Costs of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs are described below:

Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018* ("the Conceptual Framework") without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 Inventories, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position of the Group.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Annual Improvements to *HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. The amendments to HKFRS 1 had no impact on the financial statements of the Group.

HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position of the Group.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. Among the revised HKFRSs, the following are expected to be relevant to the Group's financial statements upon becoming effective:

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[2, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[2]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2024
[3] No mandatory effective date yet determined but available for adoption
[4] As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liability for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 amendments early is also required to apply simultaneously the 2022 amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Non-current Liabilities with Covenants* clarify how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. The 2022 amendments improve the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants. The 2022 amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. The 2022 amendments are not expected to have any significant impact on the Group's financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures
An associate is an entity which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parities parties that have joint control of the arrangement have the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant require unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

Business combinations
Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of the assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)
When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill
Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable nest assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill arising on a business combination is measured at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statements of financial position. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures its premises and investment properties, precious metals and certain financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in its principal market, or in the absence of a principal market, in the most advantageous market accessible by the Group at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; (If the Group is itself such a plan) and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment
Property, plant and equipment are stated at cost or fair value less accumulated depreciation and any impairment losses.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated impairment losses and subsequent accumulated depreciation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on revaluation of land and buildings is recognised in other comprehensive income and accumulated in property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case this increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is recognised in profit or loss to the extent that it exceeds the balance, if any, on the property revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Depreciation is calculated using the straight-line method to allocate cost or revalued amounts to its residual value over its estimated useful life. Assets held under finance leases are depreciated over the shorter of the lease term and their useful lives. The annual depreciation rates of each class of property, plant and equipment are as follows:

Land and buildings (including the hotel)	2.00% - 3.33%
Machinery and equipment	10.00% - 50.00%
Electronic equipment	6.67% - 50.00%
Motor vehicles	15.83% - 20.00%
Aircrafts	3.40%

Properties in the course of construction for supply of services or administrative purposes are carried at cost, less any recognised impairment loss and borrowing cost capitalised in accordance with the Group's accounting policy. Such properties are reclassified to the appropriate category of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Aircraft are assessed for recoverability in accordance with HKAS 36 *Impairment of Assets*, at each reporting date or whenever events or changes in circumstances indicates that their carrying value may not be recoverable. For the purposes of measuring an impairment loss, each aircraft is tested individually by comparing its carrying amount to the higher of value in use and fair value less cost to sell.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)
Value in use is determined as the total cash flows expected to be generated by an aircraft, discounted at a market rate. Fair value is determined as an average of two professional valuations obtained from independent appraisers. The review for recoverability has a level of subjectivity and requires the use of judgement in the assessment of estimated future cash flows associated with the use of an aircraft and its eventual disposition. Expected future cash flows are based on all relevant information available, including the existing lease, current contracted rates for similar aircraft, residual values, economic conditions, technology, airline demand for a particular type of aircraft, appraisal data and industry trends, and assumptions about downtime between re-leasing and the amount of re-leasing costs.

Residual values of property, plant and equipment are determined based on estimated values at the end of the useful lives of aircraft assets, which are supported by estimates received from independent appraisers. Generally, the residual value of aircraft is estimated at 15% of original manufacture cost. Management may, at its discretion, make exceptions to this policy when, in its judgement, the residual value estimated pursuant to this policy does not appear to reflect current expectations of residual values.

Modifications or improvements to property, plant and equipment are normally expensed. Where such modifications or improvements materially improve the value of the asset or extend its useful life, these are capitalised and depreciated over the economic life of the asset.

Maintenance right assets
For maintenance right asset there are two types detailed below, End of Lease ("EOL") leases and Cash Maintenance ("MR") leases:

EOL Leases
Under EOL Leases, the lessee is obligated to comply with certain return conditions at redelivery which require the lessee to perform lease end maintenance work or make cash compensation payments at the end of the lease to bring the aircraft into a specified maintenance condition. Maintenance right asset in EOL Leases represent the difference in value between the contractual right to receive an aircraft in an improved maintenance condition together with EOL cash compensation as compared to the maintenance condition on the acquisition date. Maintenance right liabilities exist in EOL Leases if, on the acquisition date, the maintenance condition of the aircraft is greater than the contractual return condition in the lease and the Company is required to pay the lessee in cash for the improved maintenance condition. Maintenance right assets and liabilities, net are recorded as a separate component in property, plant and equipment on the consolidated statement of financial position.

When the Group has recorded maintenance right assets with respect to EOL Leases, the following accounting scenarios exist: (i) the aircraft is returned at lease expiry in the contractually specified maintenance condition without any cash payment to the Group by the lessee, an aircraft improvement is recorded to the extent the improvement is substantiated and deemed to meet the Group's capitalisation policy and any remaining maintenance right asset is then fully amortised, and (ii) the lessee pays the Group cash compensation at lease expiry, an aircraft improvement is recorded to the extent the improvement is substantiated and deemed to meet the Group's capitalisation policy, the maintenance right asset is then amortised and any excess is recognised as end of lease income consistent with the Group's existing policy. Any aircraft improvement will be depreciated over the remaining useful life of the aircraft. When the Group has recorded maintenance right liabilities with respect to EOL Leases, the following accounting scenarios exist: (i) the aircraft is returned at lease expiry in the contractually specified maintenance condition without any cash payment by the Group to the lessee, the maintenance right liability is amortised at lease expiry and end of lease income is recognised, and (ii) the Group pays the lessee cash compensation at lease expiry, the maintenance right liability is amortised and any difference is recognised as end of lease income.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Maintenance right assets (continued)
Cash MR Leases
Under Cash MR Leases, the lessee is required to make periodic payments to the Group for maintenance based upon usage of the aircraft. When qualifying major maintenance is performed during the lease term, the Group is required to reimburse the lessee for qualifying costs associated with such maintenance. At the end of lease, the Group is entitled to retain any cash receipts in excess of the required reimbursements to the lessee. Maintenance right asset in Cash MR Leases represent the right to receive an aircraft in an improved condition during the lease term relative to the actual condition on the acquisition date. The aircraft is improved by the performance of qualifying major maintenance paid for by the lessee who is reimbursed by the Group from the periodic maintenance payments that it receives. Maintenance right asset, net will be recorded in property, plant and equipment on the consolidated statement of financial position.

Where the Group has recorded maintenance right assets with respect to Cash MR Leases and when the Group has reimbursed the lessee for the performance of qualifying major maintenance, the maintenance right asset is derecognised and an aircraft improvement is recorded. Under Cash MR Leases, the Group does not record a maintenance right liability because it has no obligation to make payments to the lessee, beyond reimbursement of maintenance payment liabilities or payment of lease incentive obligations, which are already recorded in the consolidated financial statements.

Accrued maintenance liabilities
Accrued maintenance liabilities received in cash from lessees are recognised as maintenance liabilities on the consolidated statement of financial position (included in other liabilities) in recognition of the contractual commitment to either refund such receipts or to hold them for future scheduled maintenance work to be performed thereafter. Maintenance work performed by lessees will not be capitalised, but instead will be recorded as a refund of maintenance reserve and shown as a deduction from the payments by the Group for maintenance liabilities account on the consolidated statement of financial position. Lessor contributions and top-ups to maintenance reserves will be recorded as a leasing expense (over the term of the lease), except where a liability exists by virtue of having purchased an aircraft with leases attached including an obligation to refund maintenance reserve payments made to date by the lessee, or where they are deemed to be modifications/improvements that materially improve the value of the asset/lease or extends its useful life whereby it would be capitalised and depreciated over the respective life of the asset or remaining term of the lease. When flight equipment is sold the portion of accrued liability which is not assigned to the buyer is recognised as a gain or loss on disposal of property, plant and equipment. On lease termination, all amounts not refunded to the lessees are recorded as revenue.

Lease premium asset
Lease premium asset represents the value of an acquired lease where the contractual rent payments are above the market at the date of acquisition. This asset is amortised over the expected term of the related lease agreement and recorded as a non-cash reduction in lease rental income.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are properties held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment" for owned property up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment" above.

Intangible assets

Intangible assets with finite useful lives include computer software systems and others, core deposits intangible, and credit card customer relationships.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost less net residual value and any accumulated impairment losses is amortised over its estimated useful life using the straight-line method. The Group reviews the useful life and amortisation method at the end of each reporting period, and makes adjustments when necessary. The useful life of each intangible asset is as follows:

Computer software systems and others	3 - 5 years
Core deposits intangible	20 years
Credit card customer relationships	10 years

Intangible assets, including trading rights and trade names, with indefinite useful lives are not amortised.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. Gains or losses arising from derecognition of intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on tangible and intangible assets other than goodwill
At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)
Group as a lessee (continued)

Lease liabilities
Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in other liabilities.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of motor vehicles (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the consolidated statement of profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)
Subsequent measurement (continued)

Financial assets designated at fair value through other comprehensive income (equity investments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the consolidated statement of profit or loss. Dividends are recognised as investment income in the consolidated statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are also recognised as net gains on financial assets at fair value through profit or loss in the consolidated statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
General approach (continued)
Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach
For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities
Initial recognition and measurement

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

On initial recognition, the Group's financial liabilities are generally classified into financial liabilities at FVTPL or other financial liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)
Subsequent measurement (continued)

Financial liabilities at fair value through profit or loss (continued)
Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the consolidated statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the consolidated statement of profit or loss. The net fair value gain or loss recognised in the consolidated statement of profit or loss does not include any interest charged on these financial liabilities.

Other financial liabilities
Other financial liabilities are subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost, with gain or loss arising from derecognition or amortisation recognised in consolidated statement of profit or loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in interest expenses in the consolidated statement of profit or loss.

Financial guarantee contracts
Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities
Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Derivative financial instruments and hedge accounting
The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the consolidated statement of profit or loss, except for the effective portion of hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:
- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)
Hedges which meet all the qualifying strict criteria for hedge accounting are accounted for as follows:

Fair value hedge
Changes in the fair value of derivatives that are designated and qualified as effective fair value hedges are recognised in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge relationship no longer meets the criteria for hedge accounting or is terminated for reasons other than derecognition, e.g. due to repayment of the hedged item, the unamortised carrying value adjustment (the difference between the carrying value of the hedged item at the time of termination and the value at which it would have been carried had the hedge never existed) to the hedged item is amortised to the consolidated statement of profit or loss over the remaining life of the hedged item by the effective interest method. If the hedged item is derecognised, the unamortised carrying value adjustment is recognised immediately in the consolidated statement of profit or loss.

Hedges of a net investment
Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the consolidated statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated statement of profit or loss.

Inventories
Inventories included properties under development for sale which are stated at the lower of cost and net realisable value. Cost includes the cost of land, development expenditure, borrowing costs capitalised in accordance with the Group's accounting policy, and other attributable expenses. Net realisable value represents the estimated selling price for properties for sale less all estimated costs of completion and costs necessary to make the sale. Properties under development for sales are transferred to completed properties held for sales upon completion. Properties under development for sales are transferred to property, plant and equipment when there is a change in use, evidenced by commencement of owner-occupation which the carrying amount is carried forward and transferred to property, plant and equipment as the cost.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Precious metals
Precious metals comprise gold. Precious metals are initially recognised and subsequently re-measured at fair value. Mark-to-market gains or losses on precious metals are included in other income and gains.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans granted under repurchase agreements
Financial assets that have been purchased under agreements with a commitment to resell at a specific future date are not recognised in the consolidated statement of financial position. The cost (including interests) of purchasing such assets is presented under "loans granted under repurchase agreements" in the consolidated statement of financial position. The difference between the purchasing price and reselling price is recognised as interest income during the term of the agreement using the effective interest method.

Financial assets sold under repurchase agreements
Financial assets sold subject to agreements with a commitment to repurchase at a specific future date are not derecognised in the consolidated statement of financial position. The proceeds (including interests) from selling such assets are presented under "financial assets sold under repurchase agreements" in the consolidated statement of financial position. The difference between the selling price and repurchasing price is recognised as interest expense during the term of the agreement using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Provisions
Provisions are recognised when the Group has a present obligation related to a contingency such as action at law, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

Where all or some of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognised as a separate asset only when it is virtually certain that reimbursement will be received, and the amount of reimbursement recognised does not exceed the carrying amount of the provision.

Foreign currency transactions
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 HK$, which is the Company's functional and presentation currency.

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions (continued)
Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which case, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at a rate that approximates the exchange rates at the dates of the transactions. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

Revenue recognition
Revenue from contracts with customers
Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Provision of management services
Revenue from the provision of management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Interest income
Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Commission and fee income

The Group earns commission and fee income from securities and futures brokerage business, fund and asset management business, consultancy and financial advisory business, banking business, etc. which the Group provides to customers. For those services that are provided over a period of time, commission and fee income are accrued in accordance with the actual progress. Loan syndication fees are recognised as revenue when the related syndication arrangement has been completed and the Group has retained no part of the loan package for itself or has retained a part at the same effective interest rate as applicable to the other participants. For other services, commission and fee income are recognised when the transactions are completed.

Lease income

Lease revenues are recognised on a straight-line basis over the term of the lease. Floating rental are recognised on a straight-line basis over the period that the rentals are fixed and accruable. Revenue is not recognised when collection is not reasonably assured. Lease incentives are recognised as a reduction of the total lease revenue on a non-cash receipt basis over the term of the lease. The Group as lessor, leases aircraft principally under operating leases and records rental income rateably over the life of the lease as it is earned. The Group accounts for lease rental income under lease agreements on a straight-line basis.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with interests in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Fiduciary activities

The Group commonly acts as a trustee, or in other fiduciary capacities, that result in its holding or managing assets on behalf of individuals, trusts and other institutions. These assets and any gains or losses arising thereon are excluded from these consolidated financial statements, as they are not assets of the Group.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Retirement benefit costs

The Group contributes to defined contribution retirement schemes under either recognised ORSO schemes or MPF schemes that are available to the Group's employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries for the ORSO schemes and in accordance with the MPF rules for MPF schemes. The retirement benefit scheme costs are charged to the consolidated statement of profit or loss as incurred and represent contributions payable by the Group to the schemes. Contributions made by the Group that are forfeited by those employees who leave the ORSO scheme prior to the full vesting of their entitlement to the contributions are used by the Group to reduce the existing level of contributions or to meet its expenses under the trust deed of the ORSO schemes.

The assets of the schemes are held in independently-administered funds separate from those of the Group.

Leave entitlements

Employee entitlements to annual leave and sick leave are recognised when they accrue to employees. A provision is made for the estimated liability for unused annual leave and the amount of sick leave expected to be paid as a result of services rendered by employees up to the end of the reporting period.

Compensated absences other than sick leave and special approved annual leaves are non-accumulating; they lapse if the current period's entitlement is not used in full. Except for unexpired annual leaves, they do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonus plans

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans that are expected to be settled longer than twelve months will be discounted if the amounts are significant.

Defined benefit plan

A subsidiary of the Group operates a defined benefit plan which is unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Remeasurements arising from actuarial gains and losses of the defined benefit plan, is recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)
Defined benefit plan (continued)
Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under "interest expense" and "other operating expenses" in the consolidated statement of profit or loss by function:

- service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- net interest expense or income

Government grants
Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Contingent liabilities and contingent assets
A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised as a provision but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When the inflow is virtually certain, it will be recognised as an asset.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The followings are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred taxation on investment properties

For the purposes of measuring deferred taxation arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. Accordingly, deferred taxation in relation to the Group's investment properties has been measured in accordance with the general principles set out in HKAS 12.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of financial investments

The Group reviews its investment portfolio to assess impairment at least on an annual basis. The measurement of impairment losses under HKFRS 9 across all categories of financial assets requires estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which result in different levels of allowance. The Group's ECL calculations are outputs of complex models with a number of underlying assumptions.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of goodwill

Goodwill is tested for impairment annually or whenever there is an indication that the asset may be impaired. This requires an estimate of the present value of future cash flows for the asset group or portfolio of assets allocated to goodwill. When estimating the present value of future cash flows, the Group needs to anticipate future cash flows from the asset group or portfolio of assets, and select the appropriate discount rate to determine the present value of future cash flows.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Key sources of estimation uncertainty (continued)

Fair value of derivative financial instruments

The fair value of derivative financial instruments that are not quoted in active markets are determined by using valuation techniques. Valuation techniques used include discounted cash flows analysis and models with built-in functions available in externally acquired financial analysis or risk management systems widely used by the industry such as option pricing models. To the extent practical, the models use observable data. In addition, valuation adjustments may be adopted if factors such as credit risk are not considered in the valuation models. Management judgement and estimates are required for the selection of appropriate valuation parameters, assumptions and modeling techniques. Further details will be discussed in Note 5.

Fair value of financial instruments

The Group uses valuation technique for financial instruments which are not quoted in an active market. Valuation techniques include the use of discounted cash flows analysis, option pricing models or other valuation methods as appropriate. To the extent practical, models use observable data. However, areas such as credit risk of the Group and counterparties, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the estimated fair value of financial instruments.

Fair value of investment properties and property, plant and equipment

Investment properties and certain property, plant and equipment of the Group are stated at fair value or revalued amount based on the valuations performed by independent professional valuers. In determining the fair value, the valuers have used a method of valuation, which involves certain estimates of market conditions. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the relevant property, plant and equipment and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss or other comprehensive income, as appropriate. As at reporting period end, the carrying amount of investment properties and the relevant property, plant and equipment are HK$3,065,669,000 (2021: HK$2,928,069,000) and HK$8,124,520,000 (2021: HK$7,520,684,000), respectively.

4. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that 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 prior year. The capital structure of the Group consists of net debt, which includes borrowings and bonds net of cash and cash equivalents of HK$105,947,245,000 (2021: HK$108,566,233,000) and equity attributable to equity holders of the Company, comprising issued share capital and reserves of HK$29,239,805,000 (2021: HK$34,601,420,000).

The directors of the Company review the capital structure on a continuous basis by taking into account the cost of capital and the risk associated with capital. The Group will balance its overall capital structure through issuance of new debts and redemption of existing debts.

In particular for NCB which are subject to capital requirements imposed by the HKMA and the China Banking Regulatory Commission ("CBRC"), during the current and prior years, it has complied with all the statutory capital requirements in respect of banking operations.

5. FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risks as a result of engaging in a variety of business activities. The principal financial risks are credit risk, market risk (including currency risk and interest rate risk) and liquidity risk. This note summarises the Group's exposures to these risks, as well as its objectives, risk management governance structure, policies and processes for managing and the methods used to measure these risks.

Financial risk management objectives and policies

The Group's risk management governance structure is designed to cover all business processes and ensure various risks are properly managed and controlled in the course of conducting business. The Group has a robust risk management organisational structure with a comprehensive set of policies and procedures to identify, measure, monitor and control various risks that may arise. These risk management policies and procedures are regularly reviewed and updated to reflect changes in markets and business strategies. Various groups of risk takers assume their respective responsibilities for risk management.

The board of directors, representing the interests of shareholders, is the highest decision-making authority of the Group and has the ultimate responsibility for risk management.

Within this framework, the Group's senior management has overall responsibility for managing all aspects of risks, including implementing risk management strategies, initiatives and credit policies and approving internal policies, measures and procedures relating to risk management. The risk management department and other relevant functional units are responsible for monitoring financial risks.

For NCB, it has a separate independent governance structure catering for the needs of the banking business, to assist the Group's senior management to manage the risk.

5. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk management

Credit risk is the risk of loss that a customer or counterparty is unable to or unwilling to meet its contractual obligations. The Group's major credit risks mainly arise from financial assets at amortised cost, loans and advances to customers and other guarantees.

The Group implements the following measures to mitigate credit risk:

- referencing to external credit rating information to manage the credit quality of counterparties, and selecting counterparties with acceptable credit quality and repayment ability to balance credit risk and return; and
- obtaining effective collateral from counterparties to mitigate risks.

In particular, the Group is primarily subject to the credit risk arising from its loans and advances to customers, and its debt securities and derivatives, which are managed as follows:

Loans and advances to customers

Different credit approval and control procedures are adopted according to the level of risk associated with the customer, counterparty or transaction. All credit applications are subject to thorough risk assessment and proper approval. In general, most of the credit applications will be reviewed and assessed by independent officer(s) of risk management unit(s) before approval, with exceptions given to designated advances which satisfy certain conditions. After funding are being drawn, these designated advances will be randomly reviewed by designated units which are independent from the front line business units.

For NCB, obligor ratings (in terms of probability of default) and facility ratings (in terms of loss given default) are assigned to credit applications for non-retail exposures to support credit approval. Retail internal rating systems are deployed in the risk assessment of retail credit transactions, including small business retail exposures, residential mortgage loans, personal loans, etc. Loan grades, obligor and facility ratings as well as loss estimates (if applicable) are used to support credit approval. The banking subsidiary also uses loan grades, obligor ratings and loss estimates (if applicable) to support monitoring, reporting and analysis of credit risk. For non-retail exposures, more frequent rating review and closer monitoring are required for higher-risk customers. For retail exposures, monthly updated internal ratings and loss estimates are used for credit monitoring on a portfolio basis. More comprehensive review is required for obligors being identified under high-risk pools.

Regular or ad hoc credit risk management information reports are provided to the management, and various committee set under the board, to facilitate their continuous monitoring of credit risk.

In addition, the Group identifies credit concentration risk by industry, geography, customer and counterparty. The Group monitors changes in counterparty credit risk, quality of the credit portfolio and credit risk concentrations, and reports regularly to the Group's management.

5. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)
Credit risk management (continued)

Debt securities and derivatives
For investments in debt securities, the obligor ratings or external credit ratings, assessment of the underlying assets and credit limits setting on customer/security issuer basis are used for managing credit risk associated with the investment. For derivatives, the Group sets customer limits to manage the credit risk involved and follows the same approval and control processes as applied for advances. On-going monitoring and stop-loss procedures are established.

Settlement risk arises mainly from foreign exchange transactions with counterparties and also from derivatives transactions in any situation where a payment in cash, securities or equities is made in the failure of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty or customer to cover all settlement risk arising from the Group's market transactions on any single day.

Measurement of ECL

The ECL is a weighted average of credit losses on financial instruments weighted at the risk of default. Credit loss is the difference between all receivable contractual cash flows according to the contract and all cash flows expected to be received by the Group discounted to present value at the original effective interest rate, i.e. the present value of all cash shortfalls.

According to the changes of credit risk of financial instruments since the initial recognition, the Group calculates the ECL by three stages:

- Stage 1: The financial instruments without significant increases in credit risk after initial recognition apply the Stage 1 Model of the ECL to calculate their impairment allowance at an amount equivalent to the ECL of the financial instruments for the next 12 months;
- Stage 2: Financial instruments that have had a significant increase in credit risk since initial recognition but have no objective evidence of impairment apply the Stage 2 Model of the ECL, with their impairment provision measured at an amount equivalent to the ECL over the lifetime of the financial instruments; and
- Stage 3: Financial assets with objective evidence of impairment at the balance sheet date apply the Stage 3 Model of ECL, with their impairment provisions measured at the amount equivalent to the ECL for the lifetime of the financial instruments.

If the financial instrument no longer belongs to the situation of there being a significant increase in credit risk since initial recognition, the Group will measure the impairment provision for the financial instruments on the balance sheet date according to the ECL in the next 12 months.

The Group shall measure ECL of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- 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.

5. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)
Measurement of ECL (continued)

When measuring ECL, an entity need not necessarily identify every possible scenario. However, the Group shall consider the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low.

The Group conducted an assessment of ECL according to forward-looking information and used complex models and a large number of assumptions in its expected measurement of credit losses. These models and assumptions relate to the future macroeconomic conditions and borrower's creditworthiness (e.g., the likelihood of default by borrowers and the corresponding losses). The Group adopts judgement, assumption and estimation techniques in order to measure ECL according to the requirements of accounting standards such as:

- criteria for judging significant increases in credit risk;
- definition of credit-impaired financial asset;
- parameters for measuring ECL;
- forward-looking information; and
- modification of contractual cash flows.

Criteria for judging significant increases in credit risk
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. 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. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort. The main criteria considered are as follows:

- significant adverse change in the issuer or the debtor's operation or financial status;
- significant downgrade in debtor's actual or expected internal and external credit ratings;
- the creditor offers the debtor a grace period or an extension period or debt restructuring;
- significant increase in credit spread; and
- overdue information.

Definition of credit-impaired financial asset
The standard adopted by the Group to determine whether a credit impairment occurs is consistent with the internal credit risk management objectives of the relevant financial instrument. When the Group assesses whether the credit impairment of debtors occurred, the following factors are mainly considered:
- significant financial difficulty of the issuer or the debtor;
- debtors are in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;
- the creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- it is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- 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; and
- overdue information.

5. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)
Measurement of ECL (continued)

Definition of credit-impaired financial asset (continued)
The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

Parameters of the ECL measurement
According to whether there is a significant increase in credit risk and whether there is an impairment of assets, the Group measures the impairment loss for different assets with ECL of 12 months or the entire lifetime respectively. The key measuring parameters of the ECL include probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"). Based on the requirement of HKFRS 9, the Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties) and forward-looking information in order to establish the models of PD, LGD and EAD.

Relative definitions are listed as follows:

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment in the next 12 months or throughout the entire remaining lifetime;
- LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure, and is the percentage of loss of risk exposure at the time of default. LGD is calculated over the next 12 months or over the entire remaining lifetime; and
- EAD is the amount that the Group should be reimbursed at the time of the default in the next 12 months or throughout the entire remaining lifetime.

Forward-looking information
The assessment of 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 business types.

The impacts of these economic indicators on the ECL measurement vary according to different types of business. The Group applies experts' judgement in this process, and predicts these economic indicators on a regular basis and determines the impacts on these economic indicators on the ECL measurement by conducting regression analysis.

In addition to providing a baseline economic scenario, the Group combines statistical analysis with experts' judgement to determine the weight of other possible scenarios. The Group measures the weighted average ECL of 12 months (Stage 1) or lifetime (Stage 2 and Stage 3). The weighted average credit loss above is calculated by multiplying the ECL for each scenario by the weight of the corresponding scenario.

Modification of contractual cash flows
A modification or re-negotiation of a contract between the Group and a counterparty may result in a change to the contractual cash flows without resulting in the derecognition of the financial assets. Such restructuring activities include extended payment term arrangements, repayment schedule modifications and changes to the interest settlement method. The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset and the book value of the financial asset is recalculated and the related gain or loss is included in current profit or loss. The recalculated book value of the financial asset is determined based on the present value of the contractual cash flows following the renegotiation or modification, as calculated using the original effective interest rate of the financial asset.

5. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)
Measurement of ECL (continued)

Modification of contractual cash flows (continued)
The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 to Stage 1. The adjustment of the modified assets can only be made after meeting specified criteria throughout the observation period. As at 31 December 2022 and 31 December 2021, the carrying amount of financial assets with such modified contractual cash flows was not significant.

Credit exposures

The maximum credit exposure is the worst case scenario of exposure to the Group without taking into account any collateral held or other credit enhancements. For on-balance sheet assets, the maximum exposure to credit risk equals their carrying amount. For letters of guarantee issued, the maximum exposure to credit risk is the maximum amount that the Group could be required to pay if the guarantees are called upon. For loan commitment and other credit related liabilities, the maximum exposure to credit risk is the full amount of the committed facilities.

The nature of the collateral held and other credit enhancements and their financial effect to the different classes of the Group's financial assets are as follows:

Deposits and placements with banks and financial institutions
Collateral is generally not sought on these exposures in consideration of the counterparty nature. However, other mitigations will be taken.

Financial investments
Collateral is generally not sought on debt securities.

Derivative financial instruments
The Master Agreement published by the International Swaps and Derivatives Association, Inc. ("ISDA Master Agreement") is the preferred agreement for documenting derivatives activities of the Group. It provides the contractual framework under which dealing activities of over-the-counter ("OTC") derivative transactions are conducted, and sets out close-out netting provisions upon termination following the occurrence of an event of default or a termination event. In addition, if deemed necessary, Credit Support Annex ("CSA") will be included to form part of the Schedule to the ISDA Master Agreement. Under a CSA, collateral is passed from one counterparty to another, as appropriate, to mitigate the exposures.

Loans and advances to customers, contingent liabilities and commitments
Loans and advances to customers, contingent liabilities and commitments are collateralised to the extent considered appropriate by the Group taking account of the risk assessment of individual exposures. The collateral coverage of advances to customers is analysed below and the components and nature of contingent liabilities and commitments are disclosed in Note 44. Regarding the commitments that are unconditionally cancellable without prior notice, the Group would assess the necessity to withdraw the credit line in case where the credit quality of a borrower deteriorates. For contingent liabilities and commitments, 7.57% (2021: 9.41%) was covered by collateral as at 31 December 2022.

5. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)
Credit exposures (continued)

Risk concentration of loans and advances to customers at amortised cost
(a) By geographical area

	2022 Gross amount HK$'000	2022 %	2021 Gross amount HK$'000	2021 %
Hong Kong	189,945,049	64	201,579,010	67
Outside Hong Kong	106,930,130	36	97,214,849	33
	296,875,179	100	298,793,859	100

(b) By industry sector

	2022 Gross amount HK$'000	2022 %	2021 Gross amount HK$'000	2021 %
Corporate business				
Real estate	75,304,189	25	93,548,169	31
Leasing and commercial services	37,167,157	12	27,552,268	9
Manufacturing	22,645,238	8	18,656,265	6
Finance	37,248,349	13	28,992,744	10
Accommodation and catering	8,741,472	3	9,655,110	3
Information transmission, computer services and software	8,535,434	3	6,958,629	2
Construction	7,726,741	3	12,066,550	4
Electricity, gas and water production and supply	12,566,288	4	8,690,295	3
Transportation, logistics and postal services	8,469,406	3	7,935,862	3
Wholesale and retail trade	10,150,516	3	10,803,247	4
Others	12,262,527	4	10,729,603	4
Sub-total	240,817,317	81	235,588,742	79
Personal business				
Mortgage	30,505,535	10	36,190,218	12
Personal consumption loans	25,552,327	9	27,014,899	9
Sub-total	56,057,862	19	63,205,117	21
	296,875,179	100	298,793,859	100

5. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)
Credit exposures (continued)

Risk concentration of loans and advances to customers at amortised cost (continued)
(c) By security type

	2022 Gross amount HK$'000	2022 %	2021 Gross amount HK$'000	2021 %
Unsecured	148,728,482	50	128,205,910	43
Guaranteed	24,451,197	8	18,302,849	6
Mortgaged	63,226,575	22	31,637,344	11
Pledged	60,468,925	20	120,647,756	40
	296,875,179	100	298,793,859	100

Credit quality of loans and advances to customers at amortised cost

	2022 HK$'000	2021 HK$'000
Neither past due nor impaired	286,849,989	292,763,497
Past due but not impaired	5,101,124	551,268
Impaired	4,924,066	5,479,094
Sub-total	296,875,179	298,793,859
Less: Allowances for impairment losses	(4,102,207)	(4,480,092)
Net carrying amount	292,772,972	294,313,767

Impaired loans and advances to customers at amortised cost

	2022 HK$'000	2021 HK$'000
Gross amount	4,924,066	5,479,094
Less: Allowances for impairment losses	(2,184,268)	(2,625,363)
Net carrying amount	2,739,798	2,853,731

5. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)
Credit exposures (continued)

Impaired loans and advances to customers at amortised cost (continued)
(a) By nature

	2022		2021	
	Gross amount HK$'000	Market value of collateral HK$'000	Gross amount HK$'000	Market value of collateral HK$'000
Advances to customers				
Personal				
- Mortgages	98,359	234,746	79,918	210,821
- Credit cards	1,042	-	663	-
- Others	73,210	118,726	14,446	35,079
Corporate				
- Commercial loans	4,751,455	162,477	5,366,183	12,644,755
- Trade finance	-	-	17,884	-
	4,924,066	515,949	5,479,094	12,890,655
Advances to banks and other financial institutions	-	-	-	-
Gross impaired loans and advances to customers	4,924,066	515,949	5,479,094	12,890,655
Impaired as a % of total loans and advances to customers	1.66%		1.83%	

(b) By geographical area

	2022		2021	
	Gross amount HK$'000	%	Gross amount HK$'000	%
Hong Kong	2,340,819	48	1,443,185	26
Outside Hong Kong	2,583,247	52	4,035,909	74
	4,924,066	100	5,479,094	100

5. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)
Credit exposures (continued)

Credit quality of investment products
The tables below set forth the credit quality of investment products, including treasury bills, debt securities, and trust plans and asset management plans.

	2022 HK$'000	2021 HK$'000
Neither past due nor impaired	163,302,392	152,555,884
Past due but not impaired	-	-
Impaired	1,350,390	945,368
Sub-total	164,652,782	153,501,252
Allowances for impairment losses	(412,245)	(242,155)
	164,240,537	153,259,097

The following tables present an analysis of the carrying values of investment products by issue rating.

	2022					
	AAA HK$'000	AA HK$'000	A HK$'000	Below A HK$'000	Unrated HK$'000	Total HK$'000
Treasury bills	-	6,180,799	22,853,346	-	37,162,918	66,197,063
Debt securities	12,712,291	30,529,833	33,731,338	10,819,790	8,356,874	96,150,126
Convertible bonds	-	-	-	37,993	227,401	265,394
Trust products	-	-	-	-	-	-
Trust plans and asset management plans	-	-	-	-	-	-
Wealth management products	-	-	-	-	1,627,954	1,627,954
	12,712,291	36,710,632	56,584,684	10,857,783	47,375,147	164,240,537

	2021					
	AAA HK$'000	AA HK$'000	A HK$'000	Below A HK$'000	Unrated HK$'000	Total HK$'000
Treasury bills	870,788	26,597,756	-	-	31,872,162	59,340,706
Debt securities	3,654,445	18,245,801	35,319,976	27,796,647	6,191,702	91,208,571
Convertible bonds	-	-	-	-	538,230	538,230
Trust products	-	-	-	-	1,580,019	1,580,019
Trust plans and asset management plans	-	-	-	-	591,571	591,571
Wealth management products	-	-	-	-	-	-
	4,525,233	44,843,557	35,319,976	27,796,647	40,773,684	153,259,097

5. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)
Credit exposures (continued)

Credit quality of investment products (continued)

(a) Neither past due nor impaired

The following tables present an analysis of investment products neither overdue nor credit-impaired as at 31 December by issue rating.

	2022					
	AAA HK$'000	AA HK$'000	A HK$'000	Below A HK$'000	Unrated HK$'000	Total HK$'000
Treasury bills	-	6,180,799	22,853,346	-	37,162,918	66,197,063
Debt securities	12,712,291	30,529,833	33,731,338	10,728,260	7,553,581	95,255,303
Convertible bonds	-	-	-	37,993	184,079	222,072
Trust products	-	-	-	-	-	-
Trust plans and asset management plans	-	-	-	-	-	-
Wealth management products	-	-	-	-	1,627,954	1,627,954
	12,712,291	36,710,632	56,584,684	10,766,253	46,528,532	163,302,392

	2021					
	AAA HK$'000	AA HK$'000	A HK$'000	Below A HK$'000	Unrated HK$'000	Total HK$'000
Treasury bills	870,788	26,597,756	-	-	31,872,162	59,340,706
Debt securities	3,654,445	18,245,801	35,319,976	27,692,538	6,184,169	91,096,929
Convertible bonds	-	-	-	-	538,230	538,230
Trust products	-	-	-	-	1,580,019	1,580,019
Trust plans and asset management plans	-	-	-	-	-	-
Wealth management products	-	-	-	-	-	-
	4,525,233	44,843,557	35,319,976	27,692,538	40,174,580	152,555,884

5. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)
Credit exposures (continued)

Credit quality of investment products (continued)

(b) *Credit-impaired or overdue*

The following tables present an analysis of investment products credit-impaired or overdue debt securities by issue rating.

2022 Carrying values	AAA HK$'000	AA HK$'000	A HK$'000	Below A HK$'000	Unrated HK$'000	Total HK$'000	Of which accumulated impairment allowances HK$'000
Treasury bills	-	-	-	-	-	-	-
Debt securities	-	-	-	91,530	803,293	894,823	412,245
Convertible bonds	-	-	-	-	43,322	43,322	-
Trust products	-	-	-	-	-	-	-
Trust plans and asset management plans	-	-	-	-	-	-	-
Wealth management products	-	-	-	-	-	-	-
	-	-	-	91,530	846,615	938,145	412,245
Of which accumulated impairment allowances	-	-	-	108,320	303,925	412,245	

2021 Carrying values	AAA HK$'000	AA HK$'000	A HK$'000	Below A HK$'000	Unrated HK$'000	Total HK$'000	Of which accumulated impairment allowances HK$'000
Treasury bills	-	-	-	-	-	-	-
Debt securities	-	-	-	104,109	7,533	111,642	242,155
Convertible bonds	-	-	-	-	-	-	-
Trust products	-	-	-	-	-	-	-
Trust plans and asset management plans	-	-	-	-	591,571	591,571	-
Wealth management products	-	-	-	-	-	-	-
	-	-	-	104,109	599,104	703,213	242,155
Of which accumulated impairment allowances	-	-	-	26,606	215,549	242,155	

5. FINANCIAL RISK MANAGEMENT (continued)

Market risk
Market risk refers to the risk of loss arising from movements in the value of foreign exchange, interest rate, equity and commodity positions held by the Group due to the volatility of financial market price (foreign exchange rate, interest rate, equity price, commodity price). The Group adopts a moderate market risk appetite to achieve a balance between risk and return.

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 interest rate risk arises from the mismatches between contractual maturities or repricing dates of interest-generating assets and interest-bearing liabilities.

The risk of fair value and cash flow changes due to interest rate changes is mainly related to the Group's fixed rate and floating rate financial instruments respectively.

The Group manages its interest rate risk by:

- minimising the mismatches between contractual maturities or repricing dates of interest-generating assets and interest-bearing liabilities;
- strictly controlling the length of the debt restructuring term and strengthening the matching of the Group's liabilities with the terms and interest rate structure of the restructured distressed assets; and
- regularly performing quantitative analysis, including periodic sensitivity analysis.

5. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)
Interest rate risk (continued)

At the end of each reporting period, the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing date and maturity date are as follows:

	31 December 2022						
	Less than 1 month HK$'000	1 - 3 months HK$'000	3 - 12 months HK$'000	1 - 5 years HK$'000	Over 5 years HK$'000	Non-interest bearing HK$'000	Total HK$'000
Financial assets							
Cash and balances with central banks	11,691,780	-	-	-	-	6,917,800	18,609,580
Deposits with banks and financial institutions	12,901,439	1,129,092	49,257	-	-	6,280,626	20,360,414
Placements with banks and financial institutions	33,442,835	4,053,903	1,041,441	-	-	-	38,538,179
Financial investments:							
- Financial assets at fair value through profit or loss	1,722,080	4,428,656	6,872,197	2,299,037	930,712	44,094,672	60,347,354
- Financial assets at fair value through other comprehensive income	12,638,654	26,588,413	24,886,092	72,457,627	1,500,465	21,844	138,093,095
- Financial assets at amortised cost	2,333,947	-	9,445,618	1,450,124	-	-	13,229,689
Trade receivables	-	-	-	-	-	273,913	273,913
Loans and advances to customers	209,795,782	38,082,066	40,103,597	14,915,780	1,545,478	-	304,442,703
Loans granted under repurchase agreements	4,566,364	-	-	-	-	-	4,566,364
Other financial assets	-	-	-	-	-	6,061,581	6,061,581
	289,092,881	74,282,130	82,398,202	91,122,568	3,976,655	63,650,436	604,522,872

5. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk (continued)

	31 December 2022						
	Less than 1 month HK$'000	1 - 3 months HK$'000	3 - 12 months HK$'000	1 - 5 years HK$'000	Over 5 years HK$'000	Non-interest bearing HK$'000	Total HK$'000
Financial liabilities							
Borrowings from the central bank	-	-	-	-	-	-	-
Bank and other borrowings	6,632,770	5,626,302	3,766,919	20,500,336	159,930	187,656	36,873,913
Placements from banks and financial institutions	4,498,596	270,866	2,925,724	-	-	13,685	7,708,871
Financial liabilities at fair value through profit or loss	5,065,482	656,066	1,397,810	-	-	4,599,506	11,718,864
Financial assets sold under repurchase agreements	12,443,537	7,632,658	12,158,363	-	-	2,000,000	34,234,558
Accounts payable	-	-	-	-	-	623,826	623,826
Bonds issued	111,762	17,767,631	9,955,561	62,718,068	41,326,451	1,201,808	133,081,281
Due to customers	163,871,508	100,245,881	91,223,944	8,400,106	-	15,266,438	379,007,877
Deposits from banks and financial institutions	3,460,507	5,408,261	6,814,638	291,472	-	350,208	16,325,086
Other financial liabilities	-	-	-	-	-	2,509,304	2,509,304
	196,084,162	137,607,665	128,242,959	91,909,982	41,486,381	26,752,431	622,083,580

The sensitivity analysis below has been determined based on the exposure to interest rate risks at the reporting date. If interest rates had been 1% (2021: 1%) higher/lower, assuming all other variables were held constant, profit before tax for the year ended 31 December 2022 would increase/decrease by approximately HK$162,527,000 (2021: HK$198,127,000).

5. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk (continued)

	31 December 2021						
	Less than 1 month HK$'000	1 - 3 months HK$'000	3 - 12 months HK$'000	1 - 5 years HK$'000	Over 5 years HK$'000	Non-interest bearing HK$'000	Total HK$'000
Financial assets							
Cash and balances with central banks	15,678,850	-	-	-	-	6,388,245	22,067,095
Deposits with banks and financial institutions	14,747,114	1,719,079	86,569	1,324,340	-	4,941,200	22,818,302
Placements with banks and financial institutions	28,861,150	870,616	455,291	-	-	-	30,187,057
Financial investments:							
- Financial assets at fair value through profit or loss	1,054,746	3,232,636	8,803,970	6,303,429	417,935	47,123,406	66,936,122
- Financial assets at fair value through other comprehensive income	13,572,989	27,822,949	22,652,902	69,440,423	3,929,816	49,933	137,469,012
- Financial assets at amortised cost	591,571	-	-	-	-	-	591,571
Trade receivables	-	-	-	-	-	1,066,306	1,066,306
Loans and advances to customers	208,033,370	36,651,592	45,861,355	18,117,259	4,987,582	-	313,651,158
Loans granted under repurchase agreements	1,945,453	-	-	-	-	-	1,945,453
Other financial assets	-	-	-	-	-	7,517,370	7,517,370
	284,485,243	70,296,872	77,860,087	95,185,451	9,335,333	67,086,460	604,249,446

5. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk (continued)

	31 December 2021						
	Less than 1 month HK$'000	1 - 3 months HK$'000	3 - 12 months HK$'000	1 - 5 years HK$'000	Over 5 years HK$'000	Non-interest bearing HK$'000	Total HK$'000
Financial liabilities							
Borrowings from the central bank	12,213	-	-	-	-	-	12,213
Bank and other borrowings	7,091,737	2,833,262	3,285,073	26,183,368	177,301	531,219	40,101,960
Placements from banks and financial institutions	2,948,855	2,303,232	4,014,598	-	-	79,559	9,346,244
Financial liabilities at fair value through profit or loss	2,275,979	1,880,607	2,258,726	-	-	2,841,926	9,257,238
Financial assets sold under repurchase agreements	5,505,744	282,580	740,532	-	-	2,000,000	8,528,856
Accounts payable	-	-	-	-	-	556,143	556,143
Bonds issued	1,892,950	16,756,446	3,032,954	60,387,794	49,219,777	1,214,429	132,504,350
Due to customers	186,157,628	86,376,047	83,385,043	10,770,993	-	16,162,648	382,852,359
Deposits from banks and financial institutions	5,217,273	6,099,164	8,669,310	5,667,078	61,162	504,174	26,218,161
Other financial liabilities	-	-	-	-	-	4,586,687	4,586,687
	211,102,379	116,531,338	105,386,236	103,009,233	49,458,240	28,476,785	613,964,211

5. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)
Interest rate risk (continued)

Interest rate benchmark reform

As at 31 December 2022, the Group had certain interest-bearing bank and other borrowings denominated in US$. The interest rates of these instruments are based on the LIBOR with a tenor of three months, which will cease to be published after 30 June 2023. Replacement of the benchmark rates of these instruments from LIBOR to an RFR has yet to commence but it is expected that there will be renegotiations of terms in the future. During the transition, the Group may be exposed to the following risks:

- Parties to the contract may not reach agreement in a timely manner as any changes to the contractual terms require the agreement of all parties to the contract
- Additional time may be needed for the parties to the contract to reach agreement as they may renegotiate terms which are not part of the interest rate benchmark reform (e.g., changing the credit spread of the bank borrowings due to changes in credit risk of the Group)
- The existing fallback clause included in the instruments may not be adequate to facilitate a transition to a suitable RFR

The Group will continue to monitor the development of the reform and take proactive measures for a smooth transition.

The information about financial instruments based on an interbank offered rate that has yet to transition to an alternative benchmark rate is as follows:

As at 31 December 2022

	Non-derivative financial liabilities HK$'000
Financial liabilities	
Interest-bearing bank and other borrowings	
- United States Dollar LIBOR	8,342,089

As at 31 December 2021

	Non-derivative financial liabilities HK$'000
Financial liabilities	
Interest-bearing bank and other borrowings	
- United States Dollar LIBOR	10,781,256

5. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)
Foreign currency risk

The financial assets and financial liabilities of the Group are mainly denominated in HK$, Renminbi ("RMB") and United States Dollars ("US$"). An entity is exposed to foreign exchange risk when the financial assets and financial liabilities are denominated in currencies other than the functional currency.

As at 31 December 2022 and 2021, the majority of the financial assets and liabilities held by the Company and its subsidiaries with RMB as functional currency are denominated in RMB. As a result, the Group only exposed to foreign currency risk arising from its RMB exposures held by the Company and its subsidiaries with HK$ as the functional currency, as HK$ is pegged to US$ with no significant foreign currency risk exposed.

The following table shows the Group's RMB exposures held by the Company and subsidiaries with HK$ as its functional currency, that expose the Group to foreign currency risk:

	2022 HK$'000	2021 HK$'000
Financial assets		
Cash and balances with central banks	19,757	20,647
Deposits with banks and financial institutions	793,922	1,186,531
Placements with banks and financial institutions	1,008,750	2,970,586
Financial investments		
• Financial assets at fair value through profit or loss	1,388,015	1,522,810
• Financial assets at fair value through other comprehensive income	14,941,138	16,459,681
Trade receivables	2,031	1,918
Loans and advances to customers	6,097,911	3,665,736
Financial assets classified as other assets	34,238	43,574
Total	24,285,762	25,871,483
Financial liabilities		
Placements from banks and financial institutions	1,059,187	20,390
Accounts payable	115,113	131,351
Due to customers	21,394,343	25,653,920
Financial liabilities classified as other liabilities	1,566,880	2,789,315
Total	24,135,523	28,594,976
Net foreign currency positions	150,239	(2,723,493)

5. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)
Foreign currency risk (continued)

The following table indicates the approximate changes in the Group's profit/loss before tax and investment revaluation reserve in response to possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

	2022			2021		
	Appreciation/ depreciation of foreign currency	Effect on profit before tax HK$'000	Effect on investment revaluation reserve HK$'000	Appreciation/ depreciation of foreign currency	Effect on loss before tax HK$'000	Effect on investment revaluation reserve HK$'000
RMB	+ 10%	(1,479,090)	1,494,114	+ 10%	(1,918,317)	1,645,968
	- 10%	1,479,090	(1,494,114)	- 10%	1,918,317	(1,645,968)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the Group entities' exposure to currency risk for monetary assets and liabilities in existence at that date, and that all other variables, in particular interest rates, remain constant. Effects of changes in foreign exchange rates on non-monetary financial investments are included in equity price risk.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of next annual reporting period.

Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' profit/loss before tax measured in the respective functional currencies, translated into HK$ at the exchange rate ruling at the end of the reporting period for presentation purposes. The analysis is performed on the same basis for prior year.

Equity price risk

As at 31 December 2022 and 31 December 2021, the Group is exposed to equity price risk through its financial assets and financial liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income.

The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risks are mainly concentrated on equity instruments quoted in the market. In addition, the management monitors the price risk and will consider hedging the risk exposure should the need arise.

5. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)
Equity price risk (continued)

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date. If the prices of the respective equity investments had been 10% (2021: 10%) higher/lower, assuming all other variables were held constant, the impact would be:

- Profit before tax for the year ended 31 December 2022 would increase/decrease by approximately HK$4,486,760,000 (2021: loss before tax would decrease/increase by approximately HK$4,955,176,000) as a result of the changes in fair value of financial assets and financial liabilities at fair value through profit or loss; and
- investment revaluation reserve would increase/decrease by approximately HK$2,184,000 (2021: HK$4,993,000) as a result of the changes in fair value of financial assets at fair value through other comprehensive income.

The sensitivity analysis indicates the instantaneous change in the Group's profit before tax and equity that would arise assuming the changes in the relevant stock price had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the reporting date.

Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due. This may arise from cash flows or maturity mismatches of assets and liabilities.

The Group manages its liquidity risk by:

- optimising assets and liabilities structure;
- implementing a centralised liquidity management system by pooling Group-wide funds and maintaining an efficient internal fund transfer mechanism within the Group; and
- regularly performing quantitative analysis.

The tables below present the cash flows of financial assets and financial liabilities by remaining contractual maturity at the end of each reporting period and undiscounted contractual cash flows of financial liabilities.

5. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)
Liquidity risk (continued)

Maturity analysis
The tables below present the cash flows by remaining contractual maturity at the end of each reporting period.

	31 December 2022							
	Past due/ undated HK$'000	On demand HK$'000	Less than 1 month HK$'000	1 - 3 months HK$'000	3 - 12 months HK$'000	1 - 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Financial assets								
Cash and balances with central banks	11,691,665	6,917,915	-	-	-	-	-	18,609,580
Deposits with banks and financial institutions	-	15,840,691	3,341,374	1,129,092	49,257	-	-	20,360,414
Placements with banks and financial institutions	-	-	33,442,835	4,053,903	1,041,441	-	-	38,538,179
Financial investments:								
- Financial assets at fair value through profit and loss	42,778,368	427,442	1,250,836	4,858,336	7,139,206	2,937,030	956,136	60,347,354
- Financial assets at fair value through other comprehensive income	83,659	-	2,202,795	13,507,034	27,701,492	93,097,650	1,500,465	138,093,095
- Financial assets at amortised cost	-	-	2,333,947	-	9,445,618	1,450,124	-	13,229,689
Trade receivables	138,037	20,400	43,683	19,770	44,058	7,965	-	273,913
Loans and advances to customers	7,039,638	27,215,444	12,484,812	19,074,326	64,448,928	120,017,226	54,162,329	304,442,703
Loans granted under repurchase agreements	-	-	4,566,364	-	-	-	-	4,566,364
Other financial assets	4,397,761	887,773	767,096	460	2,292	6,199	-	6,061,581
	66,129,128	51,309,665	60,433,742	42,642,921	109,872,292	217,516,194	56,618,930	604,522,872

CHINA CINDA (HK) HOLDINGS COMPANY LIMITED

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5. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)
Liquidity risk (continued)

Maturity analysis (continued)

	31 December 2022							
	Past due/ undated HK$'000	On demand HK$'000	Less than 1 month HK$'000	1 - 3 months HK$'000	3 - 12 months HK$'000	1 - 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Financial liabilities								
Borrowings from the central bank	-	-	-	-	-	-	-	-
Bank and other borrowings	-	2,170,687	5,486,310	4,651,243	3,792,834	20,611,160	161,679	36,873,913
Placements from banks and financial institutions	-	13,685	4,387,136	382,326	2,925,724	-	-	7,708,871
Financial liabilities at fair value through profit or loss	-	3,560,060	5,242,345	929,990	1,683,524	302,945	-	11,718,864
Financial assets sold under repurchase agreements	-	2,000,000	12,443,537	7,632,658	12,158,363	-	-	34,234,558
Accounts payable	3,586	310,200	68,929	3	212,471	3,636	25,001	623,826
Bonds issued	-	-	111,762	17,903,150	11,021,850	62,718,068	41,326,451	133,081,281
Due to customers	-	125,678,166	50,477,133	100,749,550	92,915,504	9,187,524	-	379,007,877
Deposits from banks and financial institutions	-	3,104,525	678,127	3,664,047	4,556,550	4,321,837	-	16,325,086
Other financial liabilities	1,021,566	333,562	105,913	2,350	1,039,195	6,118	600	2,509,304
	1,025,152	137,170,885	79,001,192	135,915,317	130,306,015	97,151,288	41,513,731	622,083,580

5. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)
Liquidity risk (continued)

Maturity analysis (continued)

	31 December 2021							
	Past due/ undated HK$'000	On demand HK$'000	Less than 1 month HK$'000	1 - 3 months HK$'000	3 - 12 months HK$'000	1 - 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Financial assets								
Cash and balances with central banks	15,678,848	6,388,247	-	-	-	-	-	22,067,095
Deposits with banks and financial institutions	-	14,093,735	5,594,579	1,719,079	86,569	1,324,340	-	22,818,302
Placements with banks and financial institutions	-	-	28,861,150	870,616	455,291	-	-	30,187,057
Financial investments:								
- Financial assets at fair value through profit and loss	45,890,965	405,066	982,804	3,296,953	9,142,425	6,797,260	420,649	66,936,122
- Financial assets at fair value through other comprehensive income	57,466	-	4,273,414	14,129,271	26,731,873	88,326,795	3,950,193	137,469,012
- Financial assets at amortised cost	591,571	-	-	-	-	-	-	591,571
Trade receivables	905,937	27,957	23,971	11,147	97,294	-	-	1,066,306
Loans and advances to customers	2,707,680	28,258,871	8,680,868	18,340,961	69,589,601	122,944,987	63,128,190	313,651,158
Loans granted under repurchase agreements	-	-	1,945,453	-	-	-	-	1,945,453
Other financial assets	6,019,808	1,086,281	372,611	9,957	797	27,916	-	7,517,370
	71,852,275	50,260,157	50,734,850	38,377,984	106,103,850	219,421,298	67,499,032	604,249,446

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31 December 2022

5. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)
Liquidity risk (continued)

Maturity analysis (continued)

	31 December 2021							
	Past due/ undated HK$'000	On demand HK$'000	Less than 1 month HK$'000	1 - 3 months HK$'000	3 - 12 months HK$'000	1 - 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Financial liabilities								
Borrowings from the central bank	-	-	12,213	-	-	-	-	12,213
Bank and other borrowings	-	2,029,859	5,070,516	2,835,888	3,288,480	26,698,175	179,042	40,101,960
Placements from banks and financial institutions	-	99,948	2,928,465	2,303,232	4,014,599	-	-	9,346,244
Financial liabilities at fair value through profit or loss	-	2,121,314	2,338,750	2,022,796	2,361,951	412,427	-	9,257,238
Financial assets sold under repurchase agreements	-	2,000,000	5,505,744	282,580	740,532	-	-	8,528,856
Accounts payable	7,086	325,315	95,516	-	126,072	2,154	-	556,143
Bonds issued	-	-	1,892,950	16,903,477	4,100,352	60,387,794	49,219,777	132,504,350
Due to customers	-	127,652,272	58,416,881	87,026,185	94,259,557	15,497,464	-	382,852,359
Deposits from banks and financial institutions	-	3,136,399	2,585,049	6,142,329	8,626,144	5,667,078	61,162	26,218,161
Other financial liabilities	3,772	474,598	382,159	482,957	844,530	2,338,592	60,079	4,586,687
	10,858	137,839,705	79,228,243	117,999,444	118,362,217	111,003,684	49,520,060	613,964,211

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5. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)
Liquidity risk (continued)

Maturity analysis (continued)
The amounts disclosed in the tables are the undiscounted contractual cash flows of financial liabilities.

	31 December 2022							
	Past due/ undated HK$'000	On demand HK$'000	Less than 1 month HK$'000	1 - 3 months HK$'000	3 - 12 months HK$'000	1 - 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Financial liabilities								
Borrowings from central the bank	-	-	-	-	-	-	-	-
Bank and other borrowings	-	2,172,063	5,599,484	4,850,893	5,400,711	22,862,080	170,016	41,055,247
Placements from banks and financial institutions	-	13,685	5,755,054	1,307,452	4,468,524	-	-	11,544,715
Financial liabilities at fair value through profit or loss	-	3,560,060	5,244,864	933,423	1,705,714	302,945	-	11,747,006
Financial assets sold under repurchase agreements	-	2,000,000	12,464,383	7,688,724	12,391,155	-	-	34,544,262
Accounts payable	3,586	310,200	68,929	3	212,471	3,636	25,001	623,826
Bonds issued	-	-	469,898	18,935,265	13,173,992	72,213,126	49,650,883	154,443,164
Due to customers	-	218,866,726	93,896,114	190,657,835	152,777,391	9,628,525	-	665,826,591
Deposits from banks and financial institutions	-	3,104,525	678,127	3,664,047	4,556,550	4,321,837	-	16,325,086
Other financial liabilities	1,021,566	333,562	105,913	2,350	1,039,195	6,118	600	2,509,304
	1,025,152	230,360,821	124,282,766	228,039,992	195,725,703	109,338,267	49,846,500	938,619,201

5. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)
Liquidity risk (continued)

Maturity analysis (continued)

	31 December 2021							
	Past due/ undated HK$'000	On demand HK$'000	Less than 1 month HK$'000	1 - 3 months HK$'000	3 - 12 months HK$'000	1 - 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Financial liabilities								
Borrowings from central the bank	-	-	12,231	-	-	-	-	12,231
Bank and other borrowings	-	2,031,380	5,163,138	3,065,490	4,279,597	30,121,807	189,153	44,850,565
Placements from banks and financial institutions	-	99,949	2,933,920	2,302,863	4,022,736	-	-	9,359,468
Financial liabilities at fair value through profit or loss	-	2,121,314	2,338,772	2,023,189	2,364,224	412,427	-	9,259,926
Financial assets sold under repurchase agreements	-	2,000,000	5,507,850	282,560	740,947	-	-	8,531,357
Accounts payable	7,086	325,314	95,516	-	126,072	2,154	-	556,142
Bonds issued	-	-	2,069,966	18,161,151	6,031,063	77,826,402	51,376,877	155,465,459
Due to customers	-	142,539,026	58,427,057	87,110,218	94,804,828	16,476,261	-	399,357,390
Deposits from banks and financial institutions	-	3,138,412	2,703,922	6,336,330	9,254,972	6,394,488	61,404	27,889,528
Other financial liabilities	3,772	474,598	382,159	482,957	844,530	2,338,592	60,079	4,586,687
	10,858	152,729,993	79,634,531	119,764,758	122,468,969	133,572,131	51,687,513	659,868,753

5. FINANCIAL RISK MANAGEMENT (continued)

Fair value measurements of financial instruments

This section 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 on a recurring basis

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 (in particular, the valuation technique(s) and key input(s) used) as well as the level of the fair value hierarchy into which the fair value measurement are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets/ financial liabilities	Fair values as at 31 December 2022 HK$'000	2021 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets at fair value through other comprehensive income ("FVTOCI")				
1) Unlisted equity securities	21,844	49,933	Level 3	Market approach
2) Treasury bills	37,162,918	1,559,297	Level 1	Quoted bid prices in an active market
	22,853,346	50,529,082	Level 2	Quoted market prices from dealers/brokers
3) Listed debt securities	2,240,342	111,642	Level 1	Quoted bid prices in an active market
	15,144,569	26,518,261	Level 2	Quoted market prices from dealers/brokers
4) Unlisted debt securities	60,670,076	58,700,797	Level 2	Quoted market prices from dealers/brokers

6. FINANCIAL RISK MANAGEMENT (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 on a recurring basis (continued)

Financial assets/ financial liabilities	Fair values as at 31 December 2022 HK$'000	2021 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets at fair value through profit or loss ("FVTPL")				
1) Listed equity securities	4,241,241	3,511,934	Level 1	Quoted bid prices in an active market
2) Treasury bills	6,180,799	7,252,327	Level 2	Quoted market prices from dealers/brokers
3) Listed debt securities	2,328,838	2,574,660	Level 1	Quoted bid prices in an active market
	14,513	-	Level 2	Quoted market prices from dealers/brokers
	74,944	-	Level 3	Discounted cash flow model
4) Derivative financial instruments	332,977	265,547	Level 1	Quoted bid prices in an active market
	1,623,548	808,229	Level 2	Quoted market prices from dealers/brokers
	-	216,772	Level 3	Note (d)
	94,835	-	Level 3	Discounted cash flow model
5) Convertible bonds	222,072	3,486	Level 2	Quoted bid prices in an active market
	-	534,744	Level 3	Binomial model
	43,322		Level 3	Discounted cash flow model
6) Unlisted debt investments	2,248,496	3,140,531	Level 2	Quoted market prices from dealers/brokers
	120,959	162,680	Level 2	Recent transaction prices
	49,216	-	Level 3	Discounted cash flow model
7) Listed equity funds	280,989	2,415,222	Level 1	Quoted bid prices in an active market

5. FINANCIAL RISK MANAGEMENT (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 on a recurring basis (continued)

Financial assets/ financial liabilities	Fair values as at 31 December 2022 HK$'000	2021 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets at FVTPL (continued)				
8) Unlisted equity funds	-	416,766	Level 2	Quoted market prices from dealers/brokers
	1,375,177	1,245,566	Level 2	Quoted net asset value
	-	26,904	Level 2	Recent transaction prices
	2,490,555	2,168,804	Level 3	Residual method
	484,902	1,134,919	Level 3	Binomial model
	4,521,137	5,701,172	Level 3	Note (a)
	1,005,766	926,640	Level 3	Market approach
	1,442,102	1,991,676	Level 3	Discounted cash flow Model
	8,546,547	7,718,637	Level 3	Adjusted NAV
9) Unlisted equity securities	227,213	51,849	Level 2	Quoted market prices from dealers/brokers
	4,357,785	3,761,181	Level 3	Market approach
	-	1,336,187	Level 3	Binomial model
	11,925,422	12,134,309	Level 3	Note (b)
	3,801,291	4,399,267	Level 3	Note (c)
	412,406	1,087,530	Level 3	Discounted cash flow Model
10) Asset-backed securities	243,864	337,340	Level 1	Quoted bid prices in an active market
11) Trust products	-	1,560,019	Level 3	Discounted cash flow model

5. FINANCIAL RISK MANAGEMENT (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 on a recurring basis (continued)

Financial assets/ financial liabilities	Fair values as at 31 December 2022 HK$'000	2021 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets at FVTPL (continued)				
12) Wealth management products	1,627,954	-	Level 2	Recent transaction prices
13) Distressed debt	1,457	1,695	Level 2	Quoted market prices from dealers/ brokers
	27,027	29,529	Level 3	Discounted cash flow model
14) Loans and advances	139,074	288,476	Level 3	Note (a)
	11,530,657	19,048,915	Level 3	Discounted cash flow model
Financial liabilities at FVTPL				
1) Derivative financial instruments	137,959	93,532	Level 1	Quoted bid prices in an active market
	1,039,413	720,612	Level 2	Quoted market prices from dealers/brokers
2) Short positions in securities	3,422,134	2,027,782	Level 2	Quoted market prices from dealers/brokers
3) Exchange fund bills and notes	7,119,358	6,415,312	Level 2	Quoted market prices from dealers/brokers

5. FINANCIAL RISK MANAGEMENT (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 on a recurring basis (continued)

Notes:

(a) Unlisted equity funds and loans and advances

The fair value of unlisted equity funds and loans and advances are determined with reference to quoted net asset value of the funds which are derived by the valuation of underlying investment properties. The valuation of underlying properties may be based on valuation techniques including residual method for property-development projects, and discounted cash flow model for property-rental projects. The unobservable inputs applied in these valuation techniques had significant impact on the valuation. Therefore, these instruments have been classified by the Group as Level 3.

(b) Unlisted equity securities

The fair value of unlisted equity securities is derived by using residual method, estimating the estimated value of developed properties, net of estimated costs to develop. The unobservable inputs are the fair value of underlying properties. The relationship of the unobservable inputs to fair value is the higher the fair value of underlying properties, the higher the fair value of unlisted equity securities.

(c) Unlisted equity securities

The fair value of equity securities of unlisted company is derived by using market approach, using market multiples and EBITDA of the unlisted company. Market multiple of 10.85x (2021: 10.15x) was used in the valuation model. The relationship of the unobservable input to fair value is the higher the market multiple, the higher the fair value.

If the market multiple used in the valuation model were 4% higher/lower while all the other variables were held constant, the carrying amount of the unlisted company would increase/decrease by HK$286,342,000 (2021: HK$342,324,000).

(d) Derivative financial instruments

The option contract was calculated based on the difference between the put value as at the exercise date adjusted by the time value of money and the credit valuation adjustment; and the carrying value of the investment in the Group.

The forward contract was calculated based on the difference between the forward settlement price, adjusted by the time value of money and the credit valuation adjustment; and the carrying value of the investment in the Group.

5. FINANCIAL RISK MANAGEMENT (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 on a recurring basis (continued)

The table below summarises valuation techniques which incorporates significant unobservable inputs, and relationship between unobservable inputs and fair value of financial assets/financial liabilities.

31 December 2022

Valuation technique	Significant unobservable inputs	Range	The relationship of unobservable inputs and fair value
Binomial model	Volatility	48.27% - 57.90%	The higher the volatility, the higher the fair value
Residual method	Fair value of underlying properties (average sales price)	HK$44,220 – 78,780 per square metre	The higher the average sales price of properties, the higher the fair value
Market approach	Market multiples	3.77x – 11.35x	The higher the market multiples, the higher the fair value
	Discount for lack of marketability (DLOM)	12.56% - 32.50%	The lower of the DLOM, the higher the fair value
Discounted cash flow model	Discount rate	14.39% - 130.01%	The higher the discount rates, the lower the fair value

31 December 2021

Valuation technique	Significant unobservable inputs	Range	The relationship of unobservable inputs and fair value
Binomial model	Volatility	2.10% – 62.05%	The higher the volatility, the higher the fair value
Residual method	Fair value of underlying properties (average sales price)	HK$92,088 – 139,567 per square metre	The higher the average sales price of properties, the higher the fair value
Market approach	Market multiples	1.34x – 10.54x	The higher the market multiples, the higher the fair value
Discounted cash flow model	Discount rate	2.46% - 238.66%	The higher the discount rates, the lower the fair value

5. FINANCIAL RISK MANAGEMENT (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 on a recurring basis (continued)

There were no transfers between level 1 and level 2 in the period.

Reconciliation of Level 3 fair value measurements

	Trust products HK$'000	Unlisted equity funds HK$'000	Convertible bonds HK$'000	Loans and advances HK$'000	Unlisted equity securities HK$'000	Other financial instruments with embedded derivatives HK$'000	Distressed Debt HK$'000	Listed Debt securities HK$'000	Unlisted Debt securities HK$'000	Derivative financial instruments HK$'000
At 1 January 2021	114,376	20,378,862	513,489	19,103,640	18,650,610	299,048	-	-	-	1,916,878
Unrealised gains/(losses)	19,288	265,269	21,255	452,910	(1,241,222)	-	-	-	-	(772,189)
Transfer from Level 2	-	997,954	-	-	-	-	-	-	-	-
Transfer to Level 1	-	-	-	-	(377,468)	-	-	-	-	-
Addition	1,509,054	2,351,281	-	135,683,384	6,154,297	-	29,529	-	-	-
Disposal/lapsed	(62,699)	(4,351,518)	-	(135,902,543)	(417,810)	(299,048)	-	-	-	(927,917)
At 31 December 2021 and 1 January 2022	1,580,019	19,641,848	534,744	19,337,391	22,768,407	-	29,529	-	-	216,772
Unrealised gains/(losses)	(82,753)	(1,516,930)	(491,422)	(1,237,893)	(566,360)	-	(2,502)	-	-	-
Transfer from Level 2	-	-	-	-	-	-	-	-	49,216	-
Transfer from Level 1	-	-	-	-	-	-	-	74,944	-	-
Transfer to Level 2	-	-	-	-	(149,233)	-	-	-	-	-
Addition	-	2,272,206	-	143,675,576	-	-	-	-	-	94,835
Disposal/lapsed	(1,497,266)	(1,906,115)	-	(150,105,343)	(1,534,066)	-	-	-	-	(216,772)
At 31 December 2022	-	18,491,009	43,322	11,669,731	20,518,748	-	27,027	74,944	49,216	94,835

5. FINANCIAL RISK MANAGEMENT (continued)

Fair value measurements of financial instruments (continued)

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

Fair value measurements and valuation processes
Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group may engage third party qualified valuers to perform the valuation. The Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities are disclosed above.

Fair value estimates are made at a specific point in time based on relevant market information and information about various financial instruments. The following methods and assumptions have been used to estimate the fair value of each class of financial instrument as far as practicable.

Deposits with/from banks and other financial institutions
Substantially all the financial assets and liabilities mature within one year from the balance sheet date and their carrying value approximates fair value.

Loans granted under repurchase agreements
Substantially all the loans granted under repurchase agreements mature within one year from the balance sheet date and their carrying value approximates fair value.

Loans and advances to customers at amortised cost
Substantially all the loans and advances to customers are on floating rate terms, bear interest at prevailing market interest rates and their carrying value approximates fair value.

Due to customers
Substantially all the deposits from customers mature within one year from the balance sheet date and their carrying value approximates fair value.

Bonds issued
The fair value of bonds issued is determined by using the same approach as those debt instruments measured at fair value.

Debt instruments at amortised cost
The fair value of debt instruments at amortised cost is determined by using the same approach as those debt instruments measured at fair value as described above.

5. FINANCIAL RISK MANAGEMENT (continued)

Fair value measurements of financial instruments (continued)

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (continued)

The following tables set out the carrying values and fair values of the financial instruments not measured at fair value, except for those which their carrying values recognised in the consolidated financial statements approximate their fair values.

	2022		2021	
	Carrying value HK$'000	Fair value HK$'000	Carrying value HK$'000	Fair value HK$'000
Financial asset				
Financial assets at amortised cost	13,229,689	13,151,875	591,571	591,571
Financial liability				
Bonds issued	133,081,281	124,478,009	132,504,350	132,439,759

The following tables show the fair value hierarchy for financial instruments with fair values disclosed.

	2022			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial asset				
Financial assets at amortised cost	10,280,213	2,871,662	-	13,151,875
Financial liability				
Bonds issued	-	119,884,194	4,593,815	124,478,009

	2021			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial asset				
Financial assets at amortised cost	-	-	591,571	591,571
Financial liability				
Bonds issued	-	129,930,506	2,509,253	132,439,759

6. INTEREST INCOME

	2022 HK$'000	2021 HK$'000
Loans and advances to customers		
- Corporate and personal loans and advances	10,548,580	9,324,958
Financial investments at amortised cost	147,713	66,930
Deposits with banks and financial institutions	495,527	337,508
Placements with banks and financial institutions	550,308	153,425
Balance with central banks	122,873	149,439
Loans granted under repurchase agreements	20,620	26,590
Others	17,882	7,806
	11,903,503	10,066,656

7. NET GAINS/(LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 HK$'000	2021 HK$'000
Net gains/(losses) on disposal of financial investments at fair value through profit or loss	539,243	(324,295)
Gains from changes in fair value of financial investments at fair value through profit or loss	64,186	81,961
	603,429	(242,334)

8. INVESTMENT INCOME

	2022 HK$'000	2021 HK$'000
Net realised gains from disposal of financial assets at fair value through other comprehensive income	256,875	167,879
Interest income from financial assets at fair value through other comprehensive income	3,111,461	2,537,619
Dividend income from financial assets at fair value through other comprehensive income	1,705	1,905
Loss recycled from translation reserve arising from a full disposal of an associate	-	(644,563)
Loss recycled from translation reserve and investment revaluation reserve arising from a partial disposal of an associate	(81,640)	-
Net gains from a partial disposal of an associate	109,843	-
Others	(46,887)	(5,951)
	3,351,357	2,056,889

9. COMMISSION AND FEE INCOME

	2022 HK$'000	2021 HK$'000
Revenue from contract with customers:		
- Loan commissions	696,595	873,042
- Securities brokerage	278,016	490,731
- Consultancy and financial advisory	17,145	52,694
- Fund and asset management business	7,271	7,964
- Insurance commissions	170,056	228,565
- Banking business	83,122	87,502
- Others	145,616	177,138
	1,397,821	1,917,636

10. OTHER INCOME AND GAINS, NET

	2022 HK$'000	2021 HK$'000
Net foreign exchange gains/(losses)	405,433	(114,396)
Net gains on disposal of distressed assets	14,485	15,069
Net (loss)/gain on disposal of subsidiaries (Note 46)	(121,937)	414,955
Net losses arising from financial liabilities at fair value through profit or loss	(77,715)	(1,533)
Net losses from disposal of and fair value changes of investment properties	(54,741)	(46,576)
Rental income arising from aircraft leasing	285,355	333,512
Others	229,074	286,438
	679,954	887,469

11. INTEREST EXPENSE

	2022 HK$'000	2021 HK$'000
Borrowings		
- Wholly repayable within five years	452,536	388,095
- Not wholly repayable within five years	1,107,031	1,392,862
Bonds issued	5,129,212	5,097,231
Due to customers	5,374,122	3,943,740
Deposits from banks and financial institutions	381,296	356,557
Financial assets sold under repurchase agreements	438,690	93,431
Placements from banks and financial institutions	159,744	66,934
Lease liabilities	32,524	33,008
Others	211	105
	13,075,366	11,371,963

12. OTHER OPERATING EXPENSES

	2022 HK$'000	2021 HK$'000
Staff cost (including directors' remuneration)		
- Salaries and allowances	1,941,870	1,891,684
- Defined contribution plans	250	998
- Defined benefit schemes	7,080	5,930
Operating leases payments	66,068	115,407
Outsourcing activities fee	377,627	353,000
Business tax and surcharges	68,737	72,036
Depreciation of property, plant and equipment	533,899	543,168
Amortisation of right-of-use assets	270,908	262,698
Legal and professional fees	93,406	174,219
Auditor's remuneration	17,354	18,795
Amortisation of intangible assets	311,411	309,544
Others	844,431	642,531
	4,533,141	4,390,010

13. IMPAIRMENT LOSSES

	2022 HK$'000	2021 HK$'000
Charge/(reversal) of impairment losses on:		
- Financial assets at fair value through other comprehensive income	176,908	82,277
- Other financial investments	226,217	(68,249)
- Balances with banks and other financial institutions	2,320	39
- Loans and advances to customers	1,623,259	1,517,262
- Other assets	172,417	326,125
- Trade receivables	64,630	60,528
- Financial guarantees and loan commitments	(80,218)	119,136
- Interests in associates	328,252	268,579
- Inventories	-	165,214
	2,513,785	2,470,911

14. INCOME TAX EXPENSE

	2022 HK$'000	2021 HK$'000
Current tax – Hong Kong		
- Charge for current year	484,794	415,965
- Over-provision in prior year	(12,591)	(11,686)
Current tax – PRC		
- Charge for current year	210,249	267,504
- Over-provision in prior year	(434)	(3,230)
Current tax – Overseas		
- Charge for current year	67,765	564
Deferred tax		
- Hong Kong profits tax	(79,758)	(35,192)
- PRC enterprise income tax	(41,128)	75,276
- Overseas taxation	1,547	(14,528)
	630,444	694,673

A reconciliation between tax expense and accounting profit/(loss) at applicable domestic tax rates in each individual jurisdiction where the Company and its subsidiaries operate is as follows:

	2022 HK$'000	2021 HK$'000
Profit/(loss) before tax	356,526	(2,634,441)
Tax at the Hong Kong profits tax rate at 16.5% (2021: 16.5%)	58,827	(434,683)
Effect of different tax rates in other countries	13,337	116,155
Income not subject to tax	(409,612)	(46,277)
Expenses not deductible for tax	955,779	836,546
Tax losses not recognised	40,511	314,595
Utilisation of previously unrecognised tax losses	(4,201)	(889)
Over-provision in prior years	(13,025)	(14,916)
Foreign withholding tax	65,864	612
Adjustment in respect of the distribution payment for other equity instruments issued by a subsidiary	(77,036)	(76,470)
Income tax expense	630,444	694,673

The Group has tax losses of HK$1,641,596,000 (2021: HK$1,421,535,000) that are available indefinitely for offsetting against its future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised in the relevant tax jurisdiction and entity.

15. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefit of Directors) Regulation, is as follows:

	2022 HK$'000	2021 HK$'000
Directors' emoluments:		
- Fees	-	-
- Salaries and other benefits	5,797	6,069
- Bonus	68	-
- Retirement benefits schemes contributions	-	-
	5,865	6,069

16. CASH AND BALANCES WITH CENTRAL BANKS

	2022 HK$'000	2021 HK$'000
Cash	590,013	545,285
Balances with central banks	18,019,567	21,521,810
	18,609,580	22,067,095

17. DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

	2022 HK$'000	2021 HK$'000
Deposits with banks	15,468,610	19,498,451
Deposits with other financial institutions	4,891,804	3,319,851
	20,360,414	22,818,302

As at 31 December 2022, the deposits with banks and other financial institutions bore interest from 0.01% to 5.37% (2021: 0.01% to 3%) per annum.

18. PLACEMENTS WITH BANKS AND FINANCIAL INSTITUTIONS

	2022 HK$'000	2021 HK$'000
Placements with banks	36,397,744	29,699,518
Placements with financial institutions	2,140,435	487,539
	38,538,179	30,187,057

19. FINANCIAL INVESTMENTS

	2022 HK$'000	2021 HK$'000
Financial assets at fair value through profit or loss (note (a))	60,347,354	66,936,122
Financial assets at fair value through other comprehensive income (note (b))	138,093,095	137,469,012
Financial assets at amortised cost (note (c))	13,229,689	591,571
	211,670,138	204,996,705

Notes:

(a) Financial assets at fair value through profit or loss

	2022 HK$'000	2021 HK$'000
Listed equity investments	4,241,241	3,511,934
Treasury bills	6,180,799	7,252,327
Listed debt securities	2,418,295	2,574,660
Derivatives financial instruments (Note 20)	2,051,360	1,290,548
Convertible bonds	265,394	538,230
Unlisted debt investments	2,418,671	3,303,211
Listed equity funds	280,989	2,415,222
Unlisted equity funds	19,866,186	21,331,084
Unlisted equity securities	20,724,117	22,770,323
Asset-backed securities	243,864	337,340
Trust products	-	1,580,019
Wealth management products	1,627,954	-
Distressed debt	28,484	31,224
	60,347,354	66,936,122

19. FINANCIAL INVESTMENTS (continued)

Notes: (continued)

(b) Financial assets at fair value through other comprehensive income

	2022 HK$'000	2021 HK$'000
Treasury bills	60,016,264	52,088,379
Listed debt securities	17,384,911	26,629,903
Unlisted debt securities	60,670,076	58,700,797
Unlisted equity securities	21,844	49,933
	138,093,095	137,469,012

(c) Financial assets at amortised cost

	2022 HK$'000	2021 HK$'000
Debt securities	13,230,953	-
Trust plans and asset management plans	-	591,571
	13,230,953	591,571
Less: Allowances for impairment losses	(1,264)	-
	13,229,689	591,571

20. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2022			31 December 2021		
	Contractual/ Notional amount	Fair value		Contractual/ Notional amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Exchange rate derivatives						
Currency spots, forwards, and and swaps, and cross-currency interest rate swaps	98,581,293	1,177,257	(778,038)	86,357,025	604,299	(352,886)
Currency options	9,918,608	173,804	(173,863)	5,482,785	117,675	(98,076)
	108,499,901	1,351,061	(951,901)	91,839,810	721,974	(450,962)
Interest rate derivatives	35,246,482	600,207	(224,426)	90,352,838	193,621	(355,956)
Equity derivatives	15,400	370	-	6,681,762	216,772	-
Commodity derivatives and others	627,513	99,722	(1,045)	669,539	158,181	(7,226)
	144,389,296	2,051,360	(1,177,372)	189,543,949	1,290,548	(814,144)

21. TRADE RECEIVABLES

	2022 HK$'000	2021 HK$'000
Accounts receivable from disposal of investments	164,080	932,138
Commission and fee receivable	46,589	36,391
Clearing settlements	13,860	12,639
Lease revenue receivable	54,336	42,305
Others	61,375	150,513
Less: Allowances for impairment losses	(66,327)	(107,680)
	273,913	1,066,306

22. LOANS AND ADVANCES TO CUSTOMERS

	2022 HK$'000	2021 HK$'000
At fair value through profit or loss:		
- Corporate loans and advances	11,669,731	19,337,391
At amortised cost:		
- Corporate loans and advances	240,817,317	235,588,742
- Personal loans and advances	56,057,862	63,205,117
	296,875,179	298,793,859
Gross loans and advances to customers	308,544,910	318,131,250
Less: Allowances for impairment losses (note)	(4,102,207)	(4,480,092)
Net loans and advances to customers	304,442,703	313,651,158

As at 31 December 2022, loans and advances to customers included accrued interest of HK$913,138,000 (2021: HK$778,237,000).

22. LOANS AND ADVANCES TO CUSTOMERS (continued)

The breakdown of ECL stages of loans and advances to customers measured at amortised cost was as follows:

	Stage 1 (12-month ECL) HK$'000	Stage 2 (Lifetime ECL) HK$'000	Stage 3 (Lifetime ECL-impaired) HK$'000	Total HK$'000
31 December 2022				
Gross loans and advances to customers measured at amortised cost	284,529,531	7,421,582	4,924,066	296,875,179
Less: Allowances for impairment losses (note)	(1,395,207)	(522,732)	(2,184,268)	(4,102,207)
Net loans and advances to customers measured at amortised cost	283,134,324	6,898,850	2,739,798	292,772,972

	Stage 1 (12-month ECL) HK$'000	Stage 2 (Lifetime ECL) HK$'000	Stage 3 (Lifetime ECL-impaired) HK$'000	Total HK$'000
31 December 2021				
Gross loans and advances to customers measured at amortised cost	287,526,074	5,788,691	5,479,094	298,793,859
Less: Allowances for impairment losses (note)	(1,325,561)	(529,168)	(2,625,363)	(4,480,092)
Net loans and advances to customers measured at amortised cost	286,200,513	5,259,523	2,853,731	294,313,767

22. LOANS AND ADVANCES TO CUSTOMERS (continued)

Note:

The movement in allowances for impairment losses was as follows:

	Stage 1 (12-month ECL) HK$'000	Stage 2 (Lifetime ECL) HK$'000	Stage 3 (Lifetime ECL-impaired) HK$'000	Total HK$'000
At 1 January 2022	(1,325,561)	(529,168)	(2,625,363)	(4,480,092)
Transfer to Stage 1	(14,130)	14,130	-	-
Transfer to Stage 2	21,048	(21,048)	-	-
Transfer to Stage 3	19,639	352,591	(372,230)	-
Impairment losses recognised	(471,305)	(114,972)	(1,506,352)	(2,092,629)
Impairment losses reversed	322,585	104,576	444,898	872,059
Stage conversion	(2,962)	(336,774)	(59,520)	(399,256)
Write-off and transfer out	60,589	5,120	1,944,716	2,010,425
Changes to inputs used for impairment calculations	(6,302)	2,869	-	(3,433)
Recovery of loans and advances written off in previous periods	-	-	(23,752)	(23,752)
Unwinding of discount on allowance	-	-	1,747	1,747
Exchange difference	1,192	(56)	11,588	12,724
At 31 December 2022	(1,395,207)	(522,732)	(2,184,268)	(4,102,207)
At 1 January 2021	(1,270,544)	(196,348)	(2,410,756)	(3,877,648)
Transfer to Stage 1	(40,230)	40,230	-	-
Transfer to Stage 2	43,416	(43,416)	-	-
Transfer to Stage 3	40,847	358	(41,205)	-
Impairment losses recognised	(620,257)	(380,321)	(1,736,388)	(2,736,966)
Impairment losses reversed	545,997	112,488	742,156	1,400,641
Stage conversion	22,306	(90,417)	(90,832)	(158,943)
Write-off and transfer out	-	27,007	965,834	992,841
Changes to inputs used for impairment calculations	(24,454)	2,460	-	(21,994)
Recovery of loans and advances written off in previous periods	-	-	(31,718)	(31,718)
Unwinding of discount on allowance	-	-	18,813	18,813
Exchange difference	(22,642)	(1,209)	(41,267)	(65,118)
At 31 December 2021	(1,325,561)	(529,168)	(2,625,363)	(4,480,092)

23. LOANS GRANTED UNDER REPURCHASE AGREEMENTS

	2022 HK$'000	2021 HK$'000
By collateral type:		
- Bond	4,566,409	1,945,496
Less: Allowances for impairment losses	(45)	(43)
	4,566,364	1,945,453

24. INTERESTS IN ASSOCIATES AND JOINT VENTURES

	2022 HK$'000	2021 HK$'000
Interests in associates (note (a))	10,442,022	9,461,863
Interests in joint ventures (note (b))	282,587	339,765
	10,724,609	9,801,628
Less: Allowances for impairment losses	(793,423)	(465,171)
	9,931,186	9,336,457

Notes:

(a) Interests in associates

The significant interests in associates as at 31 December 2022 and 31 December 2021 were as follows:

Name of entity	Place/country of incorporation and principal place of operation	Proportion of issued/registered capital held by the Group 2022 %	2021 %	Principal activities
Silver Grant International Industries Limited ("Silver Grant") (note (i))	Hong Kong	19.01	19.01	Property investment and investments
Sino-Rock Investment Management Company Limited	Hong Kong	20.69	20.69	Investment holding and fund management and consultancy services
Modern Land (China) Co. Limited ("Modern Land") (note (ii))	The Cayman Islands	9.58	9.58	Property development
信達資本管理有限公司	The PRC	40	40	Investment holding and provision of capital and fund management and consultancy services

24. INTERESTS IN ASSOCIATES AND JOINT VENTURES (continued)

Notes: (continued)

(a) Interests in associates (continued)

Name of entity	Place/country of incorporation and principal place of operation	Proportion of issued/registered capital held by the Group 2022 %	2021 %	Principal activities
信達建潤地產有限公司	The PRC	30	30	Property development
常青（海南）基礎建設有限公司	The PRC	28.57	28.57	Property development
宁波信达当代共赢股权投资合伙企业（有限公司）	The PRC	-	32	Asset management
深圳市信城不动产有限公司	The PRC	37	37	Property development
深圳市万信二号投资企业（有限合伙）(Note 45)	The PRC	49.81	-	Property development
Cindat Capital Management Limited	The Cayman Islands	37	37	Fund management
Yancoal Australia Ltd (note (iii))	Australia	13.06	15.89	Coal mining
Yital International (BVI) Holdings Ltd.	The PRC	49	49	Investment holding

(i) Two out of nine directors of Silver Grant are appointed by the Group.

(ii) The Group reached an agreement with the principal shareholder of Modern Land who held 66% interest which the principal shareholder agreed to (i) guarantee that the Group shall have representative in the board of directors; (ii) enable the Group to participate in the key policy-making processes of Modern Land; and (iii) make sure that the Group can obtain timely and adequate financial information from Modern Land.

(iii) Yancoal Australia Ltd ("Yancoal") is an Australian company engaged in the production of metallurgical and thermal coal and is dual-listed in Australia Securities Exchanges (stock code: YAL) and the Main Board of the HKEX (stock code: 3668). As at 31 December 2022, the Group holds 13.06% (2021: 15.89%) shareholding interests of Yancoal, which represents the second largest shareholding interests, with a director appointed by the Group to the board of Yancoal.

24. INTERESTS IN ASSOCIATES AND JOINT VENTURES (continued)

(a) Interests in associates (continued)

The following represents the summarised financial information of an associate which is individually significant to the Group's consolidated financial statements:

	Yancoal	
	2022 HK$'000	2021 HK$'000
Current assets	20,269,200	14,300,150
Non-current assets	49,758,942	54,276,126
Current liabilities	13,470,240	4,666,900
Non-current liabilities	11,911,480	27,278,200
Total equity	44,646,422	36,631,176
Revenue	57,369,834	30,223,356
Profit for the year (note)	19,504,003	4,423,885
Other comprehensive income for the year	(331,775)	(307,603)
Total comprehensive income for the year	19,172,228	4,116,282
Dividends received from the associate during the year	1,354,917	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2022 HK$'000	2021 HK$'000
Net assets of the associate	44,646,422	36,631,176
Proportion of the Group's ownership interest in the associate	13.06%	15.89%
Carrying amount of the Group's interest in the associate	5,830,823	5,820,694

Note:

During 2020, Yancoal had obtained control over its associate and re-measured the fair value of the associate upon the date of obtaining the control, i.e., step acquisition. A re-measurement gain of HK$3,674 million was recognised for the year ended 31 December 2020. Since the assets and liabilities of Yancoal were measured at fair value upon the date when the Group subscribed the shareholding interest of Yancoal in 2017, the re-measurement gain was reversed accordingly in the prior year.

24. INTERESTS IN ASSOCIATES AND JOINT VENTURES (continued)

(a) Interests in associates (continued)

Supplementary financial information of associates that are not individually material were as below:

	2022 HK$'000	2021 HK$'000
Aggregate carrying amount of individually immaterial associates	3,817,776	3,175,998
Aggregate amount of the Group's share of those associates		
Profit for the year	222,738	260,587
Other comprehensive income for the year	21,946	8,227
Total comprehensive income for the year	244,684	268,814

(b) Interests in joint ventures

The significant interests in joint ventures as at 31 December 2022 and 31 December 2021 were as follows:

Name of entity	Place/country of incorporation and principal place of operation	Proportion of issued/registered capital held by the Group 2022 %	2021 %	Principal activities
深圳市信庭投资有限公司	The PRC	50	50	Property development
信达汉石全球资产配置有限合伙企业Ⅰ期	The PRC	48	48	Investment fund

As at 31 December 2022 and 31 December 2021, none of the interests in joint ventures were considered individually significant, and their aggregate information is set out below:

	2022 HK$'000	2021 HK$'000
Aggregate carrying amount of joint ventures	282,587	339,765
Aggregate amount of the Group's share of joint ventures:		
(Loss)/profit and total comprehensive income for the year	(50,746)	108,978

25. INVESTMENT PROPERTIES

	2022 HK$'000	2021 HK$'000
At 1 January	2,928,069	2,407,443
Decrease in fair value	(51,503)	(31,321)
Transferred from property, plant and equipment (Note 26)	238,450	63,197
Additions	-	496,175
Exchange realignment	(49,347)	(7,425)
At 31 December	3,065,669	2,928,069
Unrealised losses in fair value included in profit or loss	(51,503)	(31,321)

Investment properties of HK$1,781,500,000 (2021: HK$1,827,300,000) were used as pledged assets for bank borrowings which bear a floating interest rate at HIBOR and a fixed margin rate of 1.25% to 2% (2021: 1.25% to 2%).

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of all of the Group's properties classified as Level 3 is determined using either the market comparison approach or the income capitalisation approach, adjusted for a premium or a discount specific to the features of the Group's properties compared to the comparable properties.

The valuation methods used in the fair value are calculating significant unobservable inputs considering the premium/(discount) on features of a property compared to comparable properties. Capitalisation rate of 2.1% to 2.4% (2021: 2.1% to 2.4%) is determined after taking into account various factors, such as capitalisation of rental, income potential, nature of property, and prevailing market condition. The higher the capitalisation rate, the lower the fair value.

In estimating the fair value of investment properties, the highest and best use of the investment properties is their current use.

26. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Hotel HK$'000	Machinery and equipment HK$'000	Electronic equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Aircrafts HK$'000	Maintenance right asset HK$'000	Right-of-use assets HK$'000	Total HK$'000
COST OR VALUATION										
At 1 January 2022	7,520,684	4,295,700	200,000	98,266	44,823	48,228	2,401,229	350,727	1,482,590	16,442,247
Additions	1,235,050	-	19,966	24,102	3,047	195,321	-	-	263,991	1,741,477
Disposals	(37,476)	-	(16,849)	(10,861)	(7,218)	-	-	-	(267,279)	(339,683)
Disposal of a subsidiary (Note 46)	-	(4,295,700)	-	(2,561)	-	-	-	-	-	(4,298,261)
Revaluation	(246,231)	-	-	-	-	-	-	-	-	(246,231)
Transferred in/(out)	-	-	11,383	4,590	-	(93,042)	-	-	-	(77,069)
Transferred to investment properties (Note 25)	(238,450)	-	-	-	-	-	-	-	-	(238,450)
Exchange realignment	(109,057)	-	(10,986)	(3,063)	(2,705)	(2,137)	(424)	(61)	(90,481)	(218,914)
At 31 December 2022	8,124,520	-	203,514	110,473	37,947	148,370	2,400,805	350,666	1,388,821	12,765,116
ACCUMULATED DEPRECIATION AND IMPAIRMENT										
At 1 January 2022	-	531,858	149,334	65,786	34,411	-	339,225	81,303	550,055	1,751,972
Provided for the year	172,368	231,159	22,295	8,120	3,263	-	96,794	-	270,908	804,907
Impairment	-	-	-	-	-	-	2,209	-	-	2,209
Eliminated on disposals	-	-	(15,777)	(9,906)	(7,084)	-	-	-	(262,420)	(295,187)
Eliminated on disposals of subsidiaries	-	(763,017)	-	-	-	-	-	-	-	(763,017)
Revaluation	(172,368)	-	-	-	-	-	-	-	-	(172,368)
Exchange realignment	-	-	(8,449)	(2,227)	(2,030)	-	(503)	(15)	(30,297)	(43,521)
At 31 December 2022	-	-	147,403	61,773	28,560	-	437,725	81,288	528,246	1,284,995
CARRYING AMOUNT										
At 1 January 2022										
- At cost	-	3,763,842	50,666	32,480	10,412	48,228	2,062,004	269,424	932,535	7,169,591
- At valuation	7,520,684	-	-	-	-	-	-	-	-	7,520,684
At 31 December 2022										
- At cost	-	-	56,111	48,700	9,387	148,370	1,963,080	269,378	860,575	3,355,601
- At valuation	8,124,520	-	-	-	-	-	-	-	-	8,124,520

26. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings HK$'000	Hotel HK$'000	Machinery and equipment HK$'000	Electronic equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Aircrafts HK$'000	Maintenance right asset HK$'000	Right-of-use assets HK$'000	Total HK$'000
COST OR VALUATION										
At 1 January 2021	7,537,729	4,295,700	179,048	104,008	44,769	23,851	2,957,997	348,681	1,057,477	16,549,260
Additions	100,786	-	18,586	9,986	3,386	166,809	23	-	618,321	917,897
Disposals	(298)	-	(10,377)	(16,645)	(4,244)	-	(572,399)	-	(216,718)	(820,681)
Disposal of a subsidiary (Note 46)	(18)	-	-	-	-	-	-	-	-	(18)
Revaluation	(73,206)	-	-	-	-	-	-	-	-	(73,206)
Transferred in/(out)	-	-	9,382	256	-	(142,956)	-	-	-	(133,318)
Transferred to investment properties (Note 25)	(63,197)	-	-	-	-	-	-	-	-	(63,197)
Exchange realignment	18,888	-	3,361	661	912	524	15,608	2,046	23,510	65,510
At 31 December 2021	7,520,684	4,295,700	200,000	98,266	44,823	48,228	2,401,229	350,727	1,482,590	16,442,247
ACCUMULATED DEPRECIATION AND IMPAIRMENT										
At 1 January 2021	-	300,699	132,242	74,419	33,974	-	212,956	48,182	478,657	1,281,129
Provided for the year	155,831	231,159	24,205	6,486	3,899	-	121,588	-	262,698	805,866
Impairment	-	-	-	-	-	-	80,004	-	-	80,004
Eliminated on disposals	-	-	(9,665)	(15,577)	(4,164)	-	(76,957)	32,737	(201,854)	(275,480)
Revaluation	(155,831)	-	-	-	-	-	-	-	-	(155,831)
Exchange realignment	-	-	2,552	458	702	-	1,634	384	10,554	16,284
At 31 December 2021	-	531,858	149,334	65,786	34,411	-	339,225	81,303	550,055	1,751,972
CARRYING AMOUNT										
At 1 January 2021										
- At cost	-	3,995,001	46,806	29,589	10,795	23,851	2,745,041	300,499	578,820	7,730,402
- At valuation	7,537,729	-	-	-	-	-	-	-	-	7,537,729
At 31 December 2021										
- At cost	-	3,763,842	50,666	32,480	10,412	48,228	2,062,004	269,424	932,535	7,169,591
- At valuation	7,520,684	-	-	-	-	-	-	-	-	7,520,684

26. PROPERTY, PLANT AND EQUIPMENT (continued)

The carrying value of land and buildings is analysed based on the remaining terms of the leases as follows:

	2022 HK$'000	2021 HK$'000
Held in Hong Kong		
- On long-term lease (over 50 years)	3,408,356	3,897,750
- On medium-term lease (10 to 50 years)	3,753,460	2,517,735
Held outside Hong Kong		
- On medium-term lease (10 to 50 years)	874,640	1,008,952
- On short-term lease (less than 10 years)	88,064	96,247
	8,124,520	7,520,684

As at 31 December 2022 and 31 December 2021, land and buildings were included in the consolidated statement of financial position at valuation carried out on the basis of their fair value by independent valuers. The fair value represents the price that would be received to sell each building in an orderly transaction with market participants at the measurement date.

As a result of the above-mentioned revaluations, decrease in value of land and buildings of HK$73,863,000 (2021: increase in HK$82,625,000) were recognised in the property revaluation reserve and the consolidated statement of other comprehensive income.

As at 31 December 2022, the net book value of land and buildings that would have been included in the consolidated statement of financial position had the land and buildings been carried at cost less accumulated depreciation was HK$6,640,002,000 (2021: HK$6,016,474,000).

Aircraft are assessed for recoverability in accordance with HKAS 36 *Impairment of Assets*, at each reporting date or whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Impairment charge of HK$2,209,000 has been recorded in for the year ended 31 December 2022 (2021: HK$80,004,000).

The directors develop the assumptions used in the recoverability assessment based on their knowledge of active lease contracts, current and future expectations of the global demand for particular aircraft types and historical experience in the aircraft leasing market and aviation industry, as well as information received from third party sources.

The factors considered in estimating the future cash flows are impacted by changes in contracted lease rates, future projected lease rates, transition costs, estimated downtime, estimated residual values, economic conditions, technology and airline demand for particular aircraft types. These estimated cashflows were discounted at an average rate of 6.20% (2021: 5.30%) per annum.

27. INVENTORIES

	2022 HK$'000	2021 HK$'000
Properties for sale	-	412

28. INTANGIBLE ASSETS

	Credit card customer relationships HK$'000	Trade names HK$'000	Core deposits intangible HK$'000	Computer software systems and others HK$'000	Total HK$'000
COST					
At 1 January 2022	8,999	690,938	4,216,972	795,476	5,712,385
Additions	-	-	-	447,723	447,723
Disposals	-	-	-	(3,940)	(3,940)
Exchange realignment	-	-	-	(54,385)	(54,385)
At 31 December 2022	8,999	690,938	4,216,972	1,184,874	6,101,783
ACCUMULATED AMORTISATION					
At 1 January 2022	5,025	-	1,177,239	445,067	1,627,331
Charge for the year	900	-	210,849	99,662	311,411
Disposals	-	-	-	(46)	(46)
Exchange realignment	-	-	-	(31,611)	(31,611)
At 31 December 2022	5,925	-	1,388,088	513,072	1,907,085
CARRYING AMOUNT					
At 1 January 2022	3,974	690,938	3,039,733	350,409	4,085,054
At 31 December 2022	3,074	690,938	2,828,884	671,802	4,194,698
COST					
At 1 January 2021	8,999	690,938	4,216,972	691,379	5,608,288
Additions	-	-	-	86,329	86,329
Disposals	-	-	-	(239)	(239)
Exchange realignment	-	-	-	18,007	18,007
At 31 December 2021	8,999	690,938	4,216,972	795,476	5,712,385
ACCUMULATED AMORTISATION					
At 1 January 2021	4,125	-	966,390	337,475	1,307,990
Charge for the year	900	-	210,849	97,795	309,544
Disposals	-	-	-	(184)	(184)
Exchange realignment	-	-	-	9,981	9,981
At 31 December 2021	5,025	-	1,177,239	445,067	1,627,331
CARRYING AMOUNT					
At 1 January 2021	4,874	690,938	3,250,582	353,904	4,300,298
At 31 December 2021	3,974	690,938	3,039,733	350,409	4,085,054

The credit card customer relationships and core deposits intangible were amortised for a period of 10 years and 20 years respectively and tested for impairment annually. These intangible assets were identified due to the acquisition of NCB in 2016.

29. GOODWILL

	HK$'000
COST	
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	25,851,817
ACCUMULATED IMPAIRMENT LOSSES	
At 31 December 2021 and 1 January 2022	-
Impairment loss provided for the year	-
At 31 December 2022	-
CARRYING AMOUNT	
At 31 December 2022	25,851,817
At 31 December 2021	25,851,817

The goodwill acquired through the business combination of NCB, which was accounted for as the majority portion of the Group's goodwill as at 31 December 2022, is allocated to the NCB cash-generating units for impairment testing. The recoverable amount of the NCB cash-generating units has been determined based on a value-in-use calculation method, using cash flow projections based on both financial forecasts covering a 5-year period ("projection period") approved by senior management and a forward speculated 5-year period ("transition period"). The stable growth rate used to extrapolate the cash flows of NCB cash-generating units beyond the 10-year period is fixed at 1.20% (2021: 1.04%) (Hong Kong) and 2.53% (2021: 2.52%) (Mainland China), respectively, which does not exceed the long-term average growth rate of the banking industry. The pre-tax discount rates applied to the goodwill impairment testing are 10.90% (2021: 9.52%) (Hong Kong) and 11.06% (2021: 12.44%) (Mainland China), respectively.

The Group management believes that there are no impairment indications of the goodwill acquired through the business combination of NCB and the key assumptions used to calculate the present value of future cash flow on NCB cash-generating units may change. Management holds that any reasonable fluctuation of key assumptions will not lead to a lower recoverable amount of the NCB cash-generating units compared with the book value of the goodwill, thus no impairment loss was recognised.

For the goodwill impairment testing, the Group makes the following assumptions on the key hypothesis in the process of cash flow projection: (i) Discount rate: pre-tax discount rate reflecting the specific risk of the relevant cash-generating units; (ii) Cash flow's growth rate: based on both the past performance and the projection of market development. The information used by the Group in determining these key assumptions is consistent with external information and internal information.

30. DEFERRED TAX

For the purpose of presentation of the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset.

	2022 HK$'000	2021 HK$'000
Deferred tax assets	(749,746)	(759,048)
Deferred tax liabilities	1,377,142	1,916,474
	627,396	1,157,426

The following are the Group's major deferred tax liabilities/(assets) recognised and movements thereon during the current and prior year:

	Asset revaluation from acquisition of a subsidiary HK$'000	Impairment allowances HK$'000	Property revaluation HK$'000	Fair value change of financial assets HK$'000	Accrued interest of a PRC subsidiary HK$'000	Others HK$'000	Total HK$'000
At 1 January 2021	663,690	(620,759)	886,535	(39,693)	14,679	(37,051)	867,401
(Credited)/charged to profit or loss	(34,939)	(28,564)	(33,797)	268,104	6,836	(152,084)	25,556
Charged/(credited) to other comprehensive income	-	-	244,958	26,497	-	(818)	270,637
Exchange alignment	-	8,935	-	(20,154)	535	4,516	(6,168)
At 31 December 2021	628,751	(640,388)	1,097,696	234,754	22,050	(185,437)	1,157,426
(Credited)/charged to profit or loss	(34,939)	50,958	(47,625)	49,327	(12,251)	(124,809)	(119,339)
Credited to other Comprehensive income	-	-	(53,414)	(378,829)	-	(13,230)	(445,473)
Exchange alignment	-	26,745	-	(10,915)	(1,466)	20,418	34,782
At 31 December 2022	593,812	(562,685)	996,657	(105,663)	8,333	(303,058)	627,396

31. OTHER ASSETS

	2022 HK$'000	2021 HK$'000
Other receivable (note)	5,670,760	7,602,072
Interest receivable	153,828	19,349
Assets in satisfaction of debts	465,757	618,347
Dividend receivable	-	140,674
Long-term prepaid expenses	207,945	221,995
Precious metals	308,534	371,188
Lease premium asset	54,795	77,998
Less: Allowances for impairment losses	(71,541)	(615,913)
	6,790,078	8,435,710

Note:

Other receivables mainly include receivables relating to assets disposal, and accounts receivables arising from the Group's banking business

32. BANK AND OTHER BORROWINGS

	2022 HK$'000	2021 HK$'000
Bank borrowings – secured (note (i))	789,479	857,797
Bank borrowings – unsecured (note (ii))	33,811,459	33,207,773
Other borrowings – unsecured	2,272,975	6,036,390
	36,873,913	40,101,960

The effective interest rate of the Group's borrowings in 2022 was 4.05% (2021: 3.68%).

Notes:

(i) Bank borrowings of HK$789,479,000 (2021: HK$857,797,000) were secured by investment properties amounting to approximately HK$1,770,500,000 (2021: HK$1,827,300,000).

(ii) Bank borrowings of HK$21.8 billion (2021: HK$21.7 billion) was covered by Keepwell Deed entered with China Cinda, the immediate holding company of the Group.

As at 31 December 2022, the Group was not complying with a financial covenant of a bank borrowing at an aggregate amount of HK$1,381,208,000. The bank lender had not demanded early repayment of the borrowing from the Group. Subsequent to the date of financial statements, the Group signed an amendment letter with the bank lender to revise the aforementioned covenant and the non-compliance of this covenant was rectified.

33. PLACEMENTS FROM BANKS AND FINANCIAL INSTITUTIONS

	2022 HK$'000	2021 HK$'000
Placements from banks	7,708,871	9,346,244

34. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 HK$'000	2021 HK$'000
Derivative financial instruments (Note 20)	1,177,372	814,144
Short position in securities	3,422,134	2,027,782
Short position in exchange fund bills and notes	7,119,358	6,415,312
	11,718,864	9,257,238

35. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	2022 HK$'000	2021 HK$'000
By collateral type:		
- Debt securities	34,234,558	8,528,856

36. ACCOUNTS PAYABLE

	2022 HK$'000	2021 HK$'000
Investment payable	245,181	154,029
Accounts payable due to electronic and clearing items	8,734	37,108
Trade payable due to brokerage services	231,341	223,448
Accounts payable due to banking services	138,570	141,558
	623,826	556,143

37. BONDS ISSUED

Bond Name	Notes	Face Value	Currency	Issue Date	Maturity Date	Bond Rate	As at 31 December 2022 HK$'000	2021 HK$'000
US$ Guaranteed Senior Notes	(i),(iv)	500,000	US$	2014/6	2024/6	5.63%	3,899,219	3,879,835
US$ Guaranteed Senior Notes	(i),(iv)	230,000	US$	2014/12	2029/12	5.20%	1,785,385	1,782,501
US$ Guaranteed Senior Notes	(i),(iv)	90,000	US$	2014/12	2029/12	5.20%	701,331	700,510
US$ Guaranteed Senior Notes	(i),(iv)	100,000	US$	2015/2	2030/2	5.20%	790,821	790,387
US$ Guaranteed Senior Notes	(i),(iv)	80,000	US$	2015/3	2022/3	4.45%	N/A	631,824
US$ Guaranteed Senior Notes	(i),(iv)	1,700,000	US$	2015/4	2025/4	4.25%	13,334,388	13,325,791
US$ Guaranteed Senior Notes	(i),(iv)	1,300,000	US$	2017/3	2022/3	3.65%	N/A	10,251,368
US$ Guaranteed Senior Notes	(i),(iv)	700,000	US$	2017/3	2024/3	4.10%	5,521,276	5,516,830
US$ Guaranteed Senior Notes	(i),(iv)	700,000	US$	2017/3	2027/3	4.40%	5,512,317	5,508,864
US$ Guaranteed Senior Notes	(i),(iv)	545,000	US$	2017/12	2037/12	4.75%	4,235,852	4,232,318
US$ Guaranteed Senior Notes	(i),(iv)	800,000	US$	2018/2	2023/2	3.88%	6,336,682	6,320,241
US$ Guaranteed Senior Notes	(i),(iv)	300,000	US$	2018/2	2025/2	4.38%	2,377,186	2,372,567
US$ Guaranteed Senior Notes	(i),(iv)	1,200,000	US$	2018/2	2028/2	4.75%	9,506,248	9,490,608
US$ Guaranteed Senior Notes	(i),(iv)	200,000	US$	2018/2	2048/2	5.00%	1,564,015	1,561,891
US$ Guaranteed Senior Notes	(i),(iv)	200,000	US$	2019/2	2022/2	3.75%	N/A	1,580,245
US$ Guaranteed Senior Notes	(i),(iv)	200,000	US$	2019/2	2024/2	4.00%	1,576,928	1,573,038
US$ Guaranteed Senior Notes	(i),(iv)	600,000	US$	2019/2	2029/2	4.75%	4,739,518	4,737,840
US$ Guaranteed Senior Notes	(iii)	700,000	US$	2020/3	2023/3	2.00%	5,435,046	5,468,680
US$ Guaranteed Senior Notes	(iii)	500,000	US$	2020/3	2025/3	2.50%	3,910,623	3,904,315
US$ Guaranteed Senior Notes	(iii)	300,000	US$	2020/3	2027/3	3.00%	2,338,344	2,334,144
US$ Guaranteed Senior Notes	(iii)	500,000	US$	2020/3	2030/3	3.13%	3,867,728	3,860,441
US$ Guaranteed Senior Notes	(ii)	800,000	US$	2021/1	2031/1	3.00%	6,252,361	6,250,163
US$ Guaranteed Senior Notes	(ii)	400,000	US$	2021/1	2028/1	2.50%	2,939,828	3,111,070
US$ Guaranteed Senior Notes	(ii)	300,000	US$	2021/1	2026/1	1.88%	2,336,517	2,350,310
US$ Guaranteed Senior Notes	(ii)	500,000	US$	2021/1	2024/1	1.25%	3,672,787	3,904,348
US$ Guaranteed Senior Notes	(ii)	1,000,000	US$	2022/1	2027/1	3.25%	7,885,870	N/A
2020 Corporation Bonds (5-year)	(v)	1,500,000	RMB	2020/3	2025/3	3.99%	1,728,393	1,887,276
2020 Corporation Bonds (5-year)	(v)	500,000	RMB	2020/5	2025/5	3.18%	569,860	621,978
2022 Corporation Bonds (5-year)	(v)	1,500,000	RMB	2022/3	2026/3	3.90%	1,725,970	N/A
2022 Corporation Bonds (5-year)	(v)	500,000	RMB	2022/6	2026/6	3.90%	569,793	N/A
Subordinated Notes	(vi)	700,000	US$	2019/11	2029/11	3.80%	5,455,215	5,451,286
Certificates of Deposit	(vii)	40,000	US$	2021/5	2022/5	0.00%	N/A	311,371
Certificates of Deposit	(vii)	50,000	US$	2021/5	2022/6	0.37%	N/A	390,653
Certificates of Deposit	(vii)	30,000	US$	2021/6	2022/6	0.38%	N/A	234,398
2017-I Financial Bonds	(viii)	2,500,000	RMB	2017/3	2022/3	5.03%	N/A	3,181,086
2018-II Financial Bonds	(viii)	500,000	RMB	2018/10	2023/10	4.40%	564,780	616,820
2018-III Financial Bonds	(viii)	2,000,000	RMB	2018/11	2023/11	4.35%	2,251,383	2,459,224
2020-I Financial Bonds	(viii)	2,500,000	RMB	2020/12	2023/12	4.08%	2,801,204	3,058,437
2020-II Financial Bonds	(viii)	500,000	RMB	2020/12	2025/12	4.33%	560,098	611,832
2021-I Financial Bonds	(viii)	2,000,000	RMB	2021/12	2024/12	3.40%	2,240,068	2,446,871
2021-II Financial Bonds	(viii)	500,000	RMB	2021/12	2026/12	3.75%	560,005	611,757
2022-I Financial Bonds	(viii)	1,000,000	RMB	2022/1	2027/1	3.54%	1,155,874	N/A
2022-II Financial Bonds	(viii)	1,500,000	RMB	2022/3	2025/3	3.35%	1,721,179	N/A
2020 NCB China CD005	(ix)	50,000	RMB	2021/2	2022/2	3.20%	N/A	60,905
2020 NCB China CD009	(ix)	200,000	RMB	2021/2	2022/2	3.30%	N/A	243,441
2020 NCB China CD012	(ix)	100,000	RMB	2021/3	2022/3	3.20%	N/A	121,613
2020 NCB China CD026	(ix)	450,000	RMB	2021/8	2022/2	2.65%	N/A	548,104
2020 NCB China CD028	(ix)	70,000	RMB	2021/9	2022/3	2.63%	N/A	85,245
2020 NCB China CD030	(ix)	60,000	RMB	2021/9	2022/9	2.80%	N/A	72,011
2020 NCB China CD033	(ix)	140,000	RMB	2021/9	2022/6	2.80%	N/A	169,123
2020 NCB China CD036	(ix)	300,000	RMB	2021/9	2022/9	3.00%	N/A	369,294
2020 NCB China CD038	(ix)	360,000	RMB	2021/9	2022/9	3.00%	N/A	431,037

37. BONDS ISSUED (continued)

Bond Name	Notes	Face Value	Currency	Issue Date	Maturity Date	Bond Rate	As at 31 December 2022 HK$'000	As at 31 December 2021 HK$'000
2020 NCB China CD039	(vii)	100,000	RMB	2021/9	2022/9	3.00%	N/A	119,733
2020 NCB China CD040	(ix)	30,000	RMB	2021/9	2022/9	2.95%	N/A	35,929
2020 NCB China CD041	(ix)	100,000	RMB	2021/9	2022/9	2.95%	N/A	119,736
2020 NCB China CD042	(ix)	100,000	RMB	2021/9	2022/9	3.00%	N/A	119,654
2020 NCB China CD043	(ix)	100,000	RMB	2021/9	2022/4	2.75%	N/A	121,427
2020 NCB China CD045	(ix)	50,000	RMB	2021/10	2022/10	2.90%	N/A	59,814
2020 NCB China CD047	(ix)	200,000	RMB	2021/10	2022/10	2.95%	N/A	239,145
2020 NCB China CD050	(ix)	100,000	RMB	2021/10	2022/4	2.76%	N/A	121,360
2020 NCB China CD051	(ix)	220,000	RMB	2021/10	2022/1	2.70%	N/A	268,705
2020 NCB China CD052	(ix)	50,000	RMB	2021/10	2022/10	2.90%	N/A	59,776
2020 NCB China CD055	(ix)	100,000	RMB	2021/10	2022/1	2.71%	N/A	122,093
2020 NCB China CD057	(ix)	50,000	RMB	2021/10	2022/1	2.71%	N/A	61,042
2020 NCB China CD058	(ix)	50,000	RMB	2021/10	2022/1	2.75%	N/A	61,036
2020 NCB China CD059	(ix)	750,000	RMB	2021/10	2022/1	2.75%	N/A	915,466
2020 NCB China CD070	(ix)	10,000	US$	2021/11	2022/2	3.10%	N/A	77,942
2020 NCB China CD071	(ix)	100,000	RMB	2021/12	2022/1	2.60%	N/A	122,291
2020 NCB China CD072	(ix)	280,000	RMB	2021/12	2022/1	2.62%	N/A	342,319
2020 NCB China CD073	(ix)	100,000	RMB	2021/12	2022/3	2.65%	N/A	121,709
2022 NCB China CD018	(ix)	240,000	RMB	2022/3	2023/3	2.78%	266,964	N/A
2022 NCB China CD032	(ix)	100,000	RMB	2022/4	2023/4	2.57%	111,072	N/A
2022 NCB China CD033	(ix)	50,000	RMB	2022/4	2023/1	2.48%	55,879	N/A
2022 NCB China CD039	(ix)	40,000	RMB	2022/5	2023/2	2.27%	44,620	N/A
2022 NCB China CD043	(ix)	1,200,000	RMB	2022/6	2023/3	2.38%	1,336,924	N/A
2022 NCB China CD051	(ix)	300,000	RMB	2022/9	2023/3	1.90%	334,563	N/A
2022 NCB China CD053	(ix)	220,000	RMB	2022/9	2023/6	2.02%	244,017	N/A
2022 NCB China CD054	(ix)	300,000	RMB	2022/9	2023/3	1.95%	334,423	N/A
2022 NCB China CD055	(ix)	100,000	RMB	2022/9	2023/6	2.10%	110,832	N/A
2022 NCB China CD056	(ix)	40,000	RMB	2022/9	2023/6	2.10%	44,330	N/A
2022 NCB China CD057	(ix)	500,000	RMB	2022/9	2023/3	2.00%	557,160	N/A
2022 NCB China CD058	(ix)	100,000	RMB	2022/10	2023/10	2.15%	110,092	N/A
2022 NCB China CD059	(ix)	50,000	RMB	2022/10	2023/10	2.18%	55,025	N/A
2022 NCB China CD060	(ix)	50,000	RMB	2022/10	2023/10	2.15%	55,035	N/A
2022 NCB China CD061	(ix)	50,000	RMB	2022/10	2023/4	2.02%	55,640	N/A
2022 NCB China CD062	(ix)	100,000	RMB	2022/10	2023/10	2.25%	109,903	N/A
2022 NCB China CD063	(ix)	50,000	RMB	2022/10	2023/1	2.00%	55,983	N/A
2022 NCB China CD064	(ix)	50,000	RMB	2022/10	2023/2	2.00%	55,980	N/A
2022 NCB China CD065	(ix)	100,000	RMB	2022/11	2023/2	2.00%	111,753	N/A
2022 NCB China CD066	(ix)	300,000	RMB	2022/11	2023/2	2.00%	335,240	N/A
2022 NCB China CD067	(ix)	500,000	RMB	2022/11	2023/2	2.10%	558,566	N/A
2022 NCB China CD068	(ix)	120,000	RMB	2022/11	2023/2	2.10%	134,038	N/A
2022 NCB China CD069	(ix)	50,000	RMB	2022/11	2023/11	2.40%	54,839	N/A
2022 NCB China CD070	(ix)	50,000	RMB	2022/11	2023/11	2.40%	54,831	N/A
2022 NCB China CD071	(ix)	200,000	RMB	2022/11	2023/11	2.45%	219,217	N/A
2022 NCB China CD072	(ix)	50,000	RMB	2022/11	2023/11	2.70%	54,668	N/A
2022 NCB China CD073	(ix)	100,000	RMB	2022/11	2023/11	2.70%	109,328	N/A
2022 NCB China CD074	(ix)	50,000	RMB	2022/11	2023/5	2.55%	55,422	N/A
2022 NCB China CD075	(ix)	50,000	RMB	2022/11	2023/11	2.83%	54,594	N/A
2022 NCB China CD076	(ix)	400,000	RMB	2022/11	2023/5	2.55%	443,344	N/A
2022 NCB China CD077	(ix)	300,000	RMB	2022/11	2023/8	2.70%	330,098	N/A
2022 NCB China CD078	(ix)	710,000	RMB	2022/11	2023/11	2.80%	775,275	N/A
2022 NCB China CD079	(ix)	100,000	RMB	2022/11	2023/3	2.27%	111,540	N/A
2022 NCB China CD080	(ix)	300,000	RMB	2022/11	2023/6	2.40%	332,550	N/A

37. BONDS ISSUED (continued)

Bond Name	Notes	Face Value	Currency	Issue Date	Maturity Date	Bond Rate	As at 31 December 2022 HK$'000	2021 HK$'000
2022 NCB China CD081	(ix)	1,000,000	RMB	2022/12	2023/3	2.47%	1,114,588	N/A
2022 NCB China CD082	(ix)	20,000	RMB	2022/12	2023/6	2.52%	22,150	N/A
2022 NCB China CD083	(ix)	300,000	RMB	2022/12	2023/12	2.72%	327,468	N/A
2022 NCB China CD084	(ix)	100,000	RMB	2022/12	2023/3	2.55%	111,389	N/A
2022 NCB China CD085	(ix)	40,000	RMB	2022/12	2023/12	2.85%	43,600	N/A
2022 NCB China CD086	(ix)	150,000	RMB	2022/12	2023/3	2.60%	167,055	N/A
2022 NCB China CD087	(ix)	50,000	RMB	2022/12	2023/9	2.85%	54,862	N/A
2022 NCB China CD088	(ix)	500,000	RMB	2022/12	2023/3	2.67%	556,731	N/A
2022 NCB China CD089	(ix)	300,000	RMB	2022/12	2023/6	2.65%	331,553	N/A
2022 NCB China CD090	(ix)	50,000	RMB	2022/12	2023/12	2.90%	54,458	N/A
							133,081,281	132,604,350

As at 31 December 2022, bonds issued included accrued interest of HK$1,505,819,000 (2021: HK$1,499,035,000).

Notes:

(i) The US$ Guaranteed Senior Notes ("US$ Notes") issued by China Cinda Finance (2014) Limited, China Cinda Finance (2014) II Limited, China Cinda Finance (2015) I Limited, China Cinda Finance (2017) I Limited and China Cinda Finance (2017) III Limited, subsidiaries of the Group, have fixed coupon rates, payable semi-annually. At any time prior to the date of maturity of the US$ Notes, the issuer or the Company may redeem the US$ Notes, in whole or in part, at a redemption price equal to the greater of (i) 100% of the principal amount of the US$ Notes redeemed or (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the US$ Notes redeemed (not including interest accrued to the date of redemption), discounted at the U.S. treasury bond rate plus 40 basis points in the case of the 5-year US$ Notes and 50 basis points in the case of the 10-year US$ Notes, plus any accrued and unpaid interest.

(ii) The US$ Guaranteed Senior Notes ("US$ Notes") issued by China Cinda (2020) I Management Limited, subsidiaries of the Group, have fixed coupon rates, payable semi-annually. At any time prior to the date of maturity of the US$ Notes, the issuer or the Company may redeem the US$ Notes, in whole or in part, at a redemption price equal to the greater of (i) 100% of the principal amount of the US$ Notes redeemed or (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the US$ Notes redeemed, discounted at the U.S. treasury bond rate plus 25 basis points.

(iii) The US$ Guaranteed Senior Notes ("US$ Notes") issued by China Cinda (2020) I Management Limited, subsidiaries of the Group, have fixed coupon rates, payable semi-annually. At any time prior to the date of maturity of the US$ Notes, the issuer or the Company may redeem the US$ Notes, in whole or in part, at a redemption price equal to the greater of 100% of the principal amount of the US$ Notes redeemed.

37. BONDS ISSUED (continued)

Notes: (continued)

(iv) Bonds payable of HK$61,881 million (2021: HK$74,257 million) was covered by Keepwell Deed entered with China Cinda. Under the Keepwell Deed:

(a) each of the issuer and the Group to have a Consolidated Net Worth of at least US$1.00 at all times;
(b) each of the notes issuer and the Group to have sufficient liquidity to ensure timely payment by each of the note issuer and the Group; and
(c) each of the note issuer and the Group to remain solvent and a going concern at all times under the laws of their respective jurisdictions of incorporation or applicable accounting standards.

(v) The corporation bonds issued by 华建国际实业(深圳)有限公司 ("WKSZ"), a subsidiary of the Group, carry fixed coupon rates, payable annually. The subsidiary shall be entitled to adjust the coupon rate, and the investors shall be entitled to sell back the relevant corporate bonds to the subsidiary, at the end of the third year.

(vi) The US$700,000,000 Basel III compliant 10-year subordinated notes qualifying as Tier 2 capital of NCB were issued on 20 November 2019 in accordance with the Banking (Capital) Rules, which are listed on the Hong Kong Stock Exchange. The notes will mature on 20 November 2029 with an optional redemption date falling on 20 November 2024. Interest at 3.80% per annum is payable semi-annually from the issue date to the optional redemption date. Thereafter, if the notes are not redeemed, the interest rate will be reset and the notes will bear interest at the prevailing 5-year U.S. treasury rate plus 218 basis points. NCB may, subject to receiving the prior approval of the HKMA, redeem the notes at its option in whole but not in part, at par either on the optional redemption date or for tax or regulatory reasons at any time prior to maturity of the notes.

(vii) The deposit certificates were issued by NCB.

(viii) The financial bonds issued by Nanyang Commercial Bank (China), Limited ("NCB China"), a subsidiary of NCB, have fixed coupon rates, payable annually.

(ix) The deposit certificates were issued by NCB China.

38. DUE TO CUSTOMERS

	2022 HK$'000	2021 HK$'000
Demand deposits		
- Corporate	84,100,502	79,251,772
- Personal	46,623,914	61,069,719
Time deposits		
- Corporate	115,515,536	136,890,297
- Personal	117,136,707	90,814,734
Guarantee deposits	15,631,218	14,825,837
	379,007,877	382,852,359

39. DEPOSITS FROM BANKS AND FINANCIAL INSTITUTIONS

	2022 HK$'000	2021 HK$'000
Banks	3,133,805	4,070,622
Financial institutions	13,191,281	22,147,539
	16,325,086	26,218,161

40. OTHER LIABILITIES

	2022 HK$'000	2021 HK$'000
Other payable	1,247,468	2,912,320
Provisions (note (i))	624,559	749,781
Staff compensation payable	620,227	677,041
Other receipts in advance	157,383	157,003
Defined benefit schemes (note (ii))	106,770	152,660
Promissory note	103,460	232,960
Items in the process of clearance and settlement	172,236	339,341
Accrued maintenance liabilities	102,395	79,008
Lease liabilities (Note 43)	908,339	976,557
Others	156,748	193,357
	4,199,585	6,470,028

Notes:

(i) Provisions

	2022 HK$'000	2021 HK$'000
At beginning of the year	749,781	529,766
(Reversed)/provided for the year	(125,222)	220,015
At end of the year	624,559	749,781

40. OTHER LIABILITIES (continued)

Notes: (continued)

(ii) Defined benefit schemes (continued)

Movement of retirement benefit of the Group are as follows:

	2022 HK$'000	2021 HK$'000
At beginning of the year	152,660	154,160
Current service cost	3,730	3,950
Past service cost - plan amendment	940	-
Interest cost	2,410	1,980
Actuarial losses on remeasurement	(48,650)	(3,930)
Benefit paid	(4,320)	(3,500)
At end of the year	106,770	152,660

Principal actuarial assumptions used are as follows:

	As at 31 December 2022	As at 31 December 2021
Discount rate	3.8%	1.6%
Expected rate of medical insurance cost increases	6%	6%
Expected rate of social entertainment cost increases	0%	0%
Expected rate of retirement souvenir cost increases	0%	0%
Expected rate of rental increases	3%	3%
Expected rate of withdrawal	3% - 18%	3% - 18%
Expected death rate	Hong Kong Life Tables 2021	Hong Kong Life Tables 2020

41. SHARE CAPITAL

	2022 HK$'000	2021 HK$'000
Issued and fully paid: 24,689,500,000 (2021: 24,689,500,000) ordinary shares	24,975,487	24,975,487

There was no movement in share capital of the Company in 2022 and 2021.

42. OTHER EQUITY INSTRUMENTS ISSUED BY A SUBSIDIARY

	2022 HK$'000	2021 HK$'000
Other equity instruments	5,077,856	9,314,890

On 2 June 2017, NCB issued perpetual non-cumulative subordinated additional tier 1 capital securities with a face value of US$1,200 million, which bear a 5.00% coupon until the first call date on 2 June 2022. The coupon will be reset every five years if the additional equity instruments are not redeemed to a fixed rate equivalent to the then-prevailing five-year US Treasury rate plus a fixed initial spread. During 2022, NCB has distributed coupon payment of US$50 million (2021: US$60 million) to the holders of the equity instruments.

On 2 June 2022, NCB redeemed an aggregate principal amount of US$1,200 million of all of the outstanding Capital Securities at the redemption price equal to the principal amount thereof plus accrued and unpaid distributions of US$30 million.

On 28 April 2022, NCB issued perpetual non-cumulative subordinated additional tier 1 capital securities with a face value of US$650 million, which bear a 6.50% coupon until the first call date on 28 April 2027. The coupon will be reset every five years if the additional equity instruments are not redeemed to a fixed rate equivalent to the then-prevailing five-year U.S. Treasury rate plus a fixed initial spread.

43. LEASES

The Group as a lessee

(a) Lease liabilities

The carrying amount of lease liabilities (included under other liabilities) and the movements during the year are as follows:

	2022 HK$'000	2021 HK$'000
Carrying amount at 1 January	976,557	591,443
New leases	254,697	611,602
Accretion of interest recognized during the year	32,524	33,008
Payments	(286,747)	(265,149)
Disposal	(5,612)	(2,850)
Exchange alignment	(63,080)	8,503
Carrying amount at 31 December	908,339	976,557

(b) The amounts recognised in profit or loss in relation to leases are as follows:

	2022 HK$'000	2021 HK$'000
Interest on lease liabilities	32,524	33,008
Amortisation charge of right-of-use assets	270,908	262,698
Expenses relating to short-term leases and low-value assets (included in other operating expenses)	66,068	115,407
Total amount recognised in profit or loss	369,500	411,113

The Group as a lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease receivables under non-cancellable operating leases:

	2022 HK$'000	2021 HK$'000
Within one year	287,980	242,895
In the second year	297,865	245,677
In the third year	295,679	254,679
In the fourth year	244,132	254,364
In the fifth year	205,772	212,825
Later than five years	605,807	816,776
	1,937,235	2,027,216

44. LITIGATION, CONTINGENT LIABILITIES AND COMMITMENTS

(a) Outstanding litigation cases

NCB, a subsidiary of the Group, has been served a number of claims and counterclaims by various independent parties. These claims and counterclaims are in relation to the normal commercial activities of NCB.

No material provision was made against these claims and counterclaims because the directors believe that NCB has meritorious defenses against the claimants or the amounts involved in these claims are not expected to be material.

(b) Contingent liabilities

	2022 HK$'000	2021 HK$'000
Direct credit substitutes	26,834,992	26,344,345
Transaction-related contingencies	2,391,980	1,671,736
Trade-related contingencies	23,828,234	20,075,844
Asset sales with recourse	6,879,734	3,945,292
Commitments that are unconditionally cancellable without prior notice	115,318,606	117,673,275
Other commitments with an original maturity of		
- up to one year	2,425,091	2,438,374
- over one year	14,729,915	14,643,713
	192,408,552	186,792,579
Credit risk-weighted amount	24,698,341	21,882,601

The credit risk-adjusted weighted amount is dependent upon the status of the counterparty and the maturity characteristics of each type of contract.

(c) Capital commitments

The Group has the following outstanding capital commitments not provided for the consolidated financial statements:

	2022 HK$'000	2021 HK$'000
Authorised and contracted but not provided for	718,805	1,147,563
Authorised but not contracted for	16,816	4,325
	735,621	1,151,888

45. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions
On 16 November 2022, a court ordered to revoke a disposal of interest in an associate in 2017. Upon this date, the Group recognised the interest in associate and the corresponding residual receivables were reversed. Upon the date of recognition, the fair value of the interest in associate was RMB1,260 million.

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.

	Borrowings from central bank HK$'000	Bank and other borrowings HK$'000	Bonds issued HK$'000
At 1 January 2021	-	56,667,916	113,148,373
Interest expense	-	1,780,957	5,097,231
Changes from financing cash flows	12,213	(18,397,339)	13,728,731
Foreign exchange movement	-	50,426	530,015
At 31 December 2021 and 1 January 2022	12,213	40,101,960	132,504,350
Interest expense	-	1,559,567	5,129,212
Changes from financing cash flows	(12,213)	(5,567,542)	(2,476,218)
Foreign exchange movement	-	779,928	(2,076,063)
At 31 December 2022	-	36,873,913	133,081,281

46. DISPOSAL OF SUBSIDIARIES

On 28 December 2022, the Group entered into a series of agreements for disposal of a group of subsidiaries. The details of the disposal as at the date of disposal are set out as follows:

	28 December 2022 HK$'000
Property, plant and equipment	3,535,244
Inventories	492
Other assets	7,252
Trade receivables	1,256
Cash and cash equivalents	32,666
Accounts payable	(4,522)
Other liabilities	(20,451)
Net assets disposed of	3,551,937
Loss on disposal of subsidiaries (Note 10)	(121,937)
Satisfied by cash	3,430,000

An analysis of the net cash flow of cash and cash equivalents in respect of the disposal of the subsidiaries is as follows:

	HK$'000
Cash consideration	3,430,000
Cash and bank balances disposed of	(32,666)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	3,397,334

46. DISPOSAL OF SUBSIDIARIES (continued)

On 26 September 2021, the Group entered into a series of agreements for disposal of a group of subsidiaries. The details of the disposal as at the date of disposal are set out as follows:

	26 September 2021 HK$'000
Property, plant and equipment	18
Right-of-use assets	204
Inventories	691,120
Other assets	49,458
Cash and cash equivalents	100,787
Other liabilities	(914,093)
Other borrowings	(565,747)
	(638,253)
Write-off of certain other payables due to the Group	223,477
Net liabilities disposed of	(414,776)
Gain on disposal of subsidiaries (Note 10)	(414,955)
Exchange realignment	(1,026)
Satisfied by cash	1,205

An analysis of the net cash flow of cash and cash equivalents in respect of the disposal of the subsidiaries is as follows:

	HK$'000
Cash consideration	1,205
Cash and bank balances disposed of	(100,787)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(99,582)

47. RELATED PARTY TRANSACTIONS

(a) During the year, the Group had the following transactions with related parties:

	2022 HK$'000	2021 HK$'000
Interest income	974	35,722
Interest expense (notes (i), (ii), (iv))	165,512	240,236
Service fee income	33,079	32,874
Management expense	9,767	20,339
Disposal loss from loans and advances (notes (v))	580,460	357,316

(b) As at 31 December 2022 and 2021, the Group had the following balances with related parties:

	2022 HK$'000	2021 HK$'000
Deposits from immediate holding company (note (i))	-	14,123,405
Deposits from fellow subsidiaries (note (ii))	2,419,853	4,506,582
Amounts due from immediate holding company (note (iii))	140,666	146,960
Loans payable to immediate holding company (note (iv))	780,895	3,214,402
Amounts due to immediate holding company (note (iii))	111,948	122,309
Amounts due from fellow subsidiaries (note (iii))	9,663	9,663
Amounts due to fellow subsidiaries (note (iii))	13,310	13,428

Notes:

(i) The aggregate amount of expenses of the Group arising from these transactions with the Company's immediate holding company for the year ended 31 December 2022 was HK$38,860,000 (2021: HK$49,292,000).

(ii) The aggregate amount of expenses of the Group arising from these transactions with fellow subsidiaries of the Company for the year ended 31 December 2022 was HK$63,835,000 (2021: HK$84,090,000).

(iii) The balances were unsecured, interest-free and repayable on demand.

(iv) Loans payable to immediate holding company were unsecured, bearing fixed interest at 4.45% (2021: 4.45% to 5.30%) and repayable within 1 year (2021: 1 to 2 years).

47. RELATED PARTY TRANSACTIONS (continued)

Notes: (continued)

(v) The net loss arising from the disposal of the loan and advances to the Company's immediate holding company was HK$580,460,000.

(c) As at 31 December 2022, bonds payable of approximately HK$61.9 billion (2021: HK$74.3 billion) were issued by the Group under a Keepwell Deed provided by its immediate holding company (Note 37(iv)).

(d) As at 31 December 2022, bank borrowings of HK$21.8 billion (2021: HK$21.7 billion) were issued by the Group under a Keepwell Deed provided by its immediate holding company (Note 32(ii)).

(e) The Group is controlled by China Cinda, which is indirectly controlled by the PRC government through the Ministry of Finance (the "MOF"). MOF is the major shareholder of China Cinda as at 31 December 2022 and 2021. For the current and prior years, the Group undertakes transactions with certain entities directly or indirectly owned by the PRC government, including but not limited to making bank deposits, receiving banking facilities, renting properties and rendering and obtaining other services. The Group is of opinion that these transactions are in normal business terms that do not require separate disclosure.

(f) Compensation of key management personnel, which refers to the directors of the Company, is disclosed in Note 15.

(g) The Group is subject to the control of the Ministry of Finance of the Government of the People's Republic of China, which also directly or indirectly controls a significant number of entities through its government authorities, agencies, affiliates and other state controlled entities. The Group enters into banking transactions with government authorities, agencies, affiliates and other state controlled entities in the normal course of business at commercial terms.

These transactions include, but are not limited to, the following:

- lending, provision of credits and guarantees, and deposit taking;
- inter-bank balance taking and placing;
- sales, purchases, underwriting and redemption of bonds issued by other state controlled entities;
- rendering of foreign exchange, remittance and investment related services;
- provision of fiduciary activities; and
- purchase of utilities, transport, telecommunications and postage services.

48. PARTICULARS OF SUBSIDIARIES AND CONSOLIDATED STRUCTURED ENTITIES

The following table lists the subsidiaries and consolidated structured entities of the Company which, in the opinion of the directors, principally affected the result or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length. Particulars of the principal subsidiaries at the end of the reporting period are as follows:

Name of entity	Place/country of incorporation	Paid up/ registered share issued capital	Proportion ownership interest held by the Company Direct 2022	Direct 2021	Indirect 2022	Indirect 2021	Principal activities
China Cinda (HK) Asset Management Co., Limited	Hong Kong	HK$2 ordinary shares	100	100	-	-	Investment in securities and investment holding
China Cinda Finance (2014) Limited	British Virgin Islands	US$1 ordinary share	100	100	-	-	Capital raising (debt issuing)
China Cinda Finance (2014) II Limited	British Virgin Islands	US$1 ordinary share	100	100	-	-	Capital raising (debt issuing)
China Cinda Finance (2015) I Limited	British Virgin Islands	US$1 ordinary share	100	100	-	-	Capital raising (debt issuing)
China Cinda Finance (2016) II Limited	British Virgin Islands	US$1 ordinary share	100	100	-	-	Capital raising (debt issuing)
China Cinda Finance (2017) I Limited	British Virgin Islands	US$1 ordinary share	100	100	-	-	Capital raising (debt issuing)
China Cinda Finance (2017) II Limited	British Virgin Islands	US$1 ordinary share	100	100	-	-	Capital raising (debt issuing)
China Cinda Finance (2017) III Limited	British Virgin Islands	US$1 ordinary share	100	100	-	-	Capital raising (debt issuing)
China Cinda (2020) I Management Limited	British Virgin Islands	US$10,000 ordinary shares	100	100	-	-	Capital raising (debt issuing)
Harvest Breeze Company Limited	The Cayman Islands	US$1 ordinary share	100	100	-	-	Investment holding
China Cinda Foundation Management Company Limited	Hong Kong	HK$2 ordinary shares	100	100	-	-	Investment in fund
China Cinda (HK) Investments Management Company Limited	Hong Kong	HK$1 ordinary share	100	100	-	-	Investment in securities and investment holding
Cinda (China) Investments Company Limited	Hong Kong	HK$10,000 ordinary shares	100	100	-	-	Investment holding
Well Kent International Holdings Company Limited	Hong Kong	HK$1,000,000 ordinary shares	100	100	-	-	Investment holding
Cinda Financial Holdings Co., Limited	Hong Kong	HK$68,000,001,000 ordinary shares	100	100	-	-	Bank holding
弘马（上海）投资管理有限公司	The PRC	US$100,000,000 ordinary shares	100	100	-	-	Investment holding
Regent Star International Limited	British Virgin Islands	US$1 ordinary share	100	100	-	-	Project investments
Kunyu Investment Limited	British Virgin Islands	US$1 ordinary share	100	100	-	-	Project investments
Rayco Investment Limited	British Virgin Islands	US$1 ordinary share	-	-	100	100	Project investments

48. PARTICULARS OF SUBSIDIARIES AND CONSOLIDATED STRUCTURED ENTITIES (continued)

Name of entity	Place/country of incorporation	Paid up/ registered share issued capital	Proportion ownership interest held by the Company: Direct 2022	Direct 2021	Indirect 2022	Indirect 2021	Principal activities
Enko Investment Limited	British Virgin Islands	US$1 ordinary share	-	-	100	100	Project investments
Mankind Investment Limited	British Virgin Islands	US$1 ordinary share	-	-	100	100	Investment in securities
Reca Investment Limited	British Virgin Islands	US$1 ordinary share	-	-	100	100	Investment holding
Tongo Investment Limited	British Virgin Islands	US$1 ordinary share	-	-	100	100	Project investments
Codna International Limited	British Virgin Islands	US$1 ordinary share	-	-	100	100	Project investments
Innotek Resources Limited	British Virgin Islands	US$1 ordinary share	-	-	100	100	Project investments
Finic Resources Limited	British Virgin Islands	US$1 ordinary share	-	-	100	100	Project investments
Sunkits Resources Limited	British Virgin Islands	US$1 ordinary share	-	-	100	100	Project investments
Timespeed Investment Limited	British Virgin Islands	US$1 ordinary share	-	-	100	100	Project investments
Trendy Win Holdings Limited	British Virgin Islands	US$61 ordinary shares US$39 preferred shares	-	-	61	61	Investment holding
Jinhua Limited	British Virgin Islands	US$1 ordinary share	-	-	100	100	Investment in securities
Imago Investment Limited	British Virgin Islands	US$1 ordinary share	-	-	100	100	Investment in securities
Heroic Season Limited	The Cayman Islands	US$100 ordinary shares	-	-	100	100	Investment holding
Novel Sunrise Investments Limited	British Virgin Islands	US$12 ordinary shares	-	-	100	100	Project investments
International High Grade Fund B, L.P.	The Cayman Islands	US$770,000,000	-	-	100	100	Project investments
High Grade (HK) Investment Management Limited	Hong Kong	HK$100	-	-	100	100	Project investments
CC Investment (Cayman) Limited	The Cayman Islands	US$50,000 ordinary shares	-	-	100	100	Project investments
CC Distressed Asset Management Cayman GP Limited	The Cayman Islands	US$50,000 ordinary shares	-	-	100	100	Project investments
Cinda International HGB Investment (UK) Limited	United Kingdom	US$734,300,037	-	-	100	100	Project investments
Cinda Leasing (HK) Co., Limited	Hong Kong	HK$100	-	-	100	100	Investment holding
华建国际实业(深圳)有限公司	The PRC	RMB424,195,470 registered capital	-	-	100	100	Equity investment and investment consultancy services
深圳市前海华建股权投资有限公司	The PRC	RMB110,000,000 registered capital	-	-	100	100	Equity investment and investment consultancy services

48. PARTICULARS OF SUBSIDIARIES AND CONSOLIDATED STRUCTURED ENTITIES (continued)

Name of entity	Place/country of incorporation	Paid up/ registered share issued capital	Proportion ownership interest held by the Company Direct 2022	Direct 2021	Indirect 2022	Indirect 2021	Principal activities
宁波信达华建投资有限公司	The PRC	RMB10,000,000 registered capital	-	-	100	100	Equity investment and investment consultancy services
杭州信达华屹投资管理有限公司	The PRC	RMB5,000,000 registered capital	-	-	100	100	Equity investment and investment consultancy services
杭州华屹芯峰股权投资合伙企业（有限合伙）	The PRC	RMB10,010,000 registered capital	-	-	100	100	Equity investment and investment consultancy services
杭州犇牛物业管理有限公司	The PRC	RMB10,000,000 registered capital	-	-	100	100	Property management and agency
杭州宾瑞物业管理有限公司	The PRC	RMB1,000,000 registered capital	-	-	100	-	Property management and agency
宁波惟精瑾盟股权投资合伙企业（有限合伙）	The PRC	RMB491,000,000 registered capital	-	-	100	-	Equity investment and investment consultancy services
厦门红土和众壹号股权投资合伙企业（有限合伙）	The PRC	RMB151,500,000 registered capital	-	-	99	-	Equity investment and investment consultancy services
芜湖信石信润资产管理合伙企业（有限合伙）	The PRC	RMB10,100,000 registered capital	-	-	95	-	Equity investment and investment consultancy services
芜湖信石信旭股权投资合伙企业（有限合伙）	The PRC	RMB201,000,000 registered capital	-	-	100	-	Equity investment and investment consultancy Services
杭州信同企业管理合伙企业（有限合伙）	The PRC	RMB369,000,000 registered capital	-	-	99	-	Equity investment and investment consultancy services
宁波华建鼎盛股权投资合伙企业（有限合伙）	The PRC	RMB1,001,000,000 registered capital	-	-	100	-	Equity investment and investment consultancy services
国通信托信达杭州北湖财产权信托	The PRC	RMB486,000,000 registered capital	-	-	100	-	Equity investment and investment consultancy services
金谷今朝2号单一资金信托	The PRC	RMB400,000,000 registered capital	-	-	100	-	Equity investment and investment consultancy services
金谷金益8号事务管理类财产权信托	The PRC	RMB450,000,000 registered capital	-	-	100	-	Equity investment and investment consultancy services
信达证券阳光1号单一资产管理计划	The PRC	RMB199,600,000 registered capital	-	-	100	-	Equity investment and investment consultancy services
南洋商业银行有限公司	Hong Kong	HK$3,144,517,000 registered capital	-	-	100	100	Provision of banking services

48. PARTICULARS OF SUBSIDIARIES AND CONSOLIDATED STRUCTURED ENTITIES (continued)

Name of entity	Place/country of incorporation	Paid up/ registered share issued capital	Proportion ownership interest held by the Company Direct 2022	Direct 2021	Indirect 2022	Indirect 2021	Principal activities
南洋商业银行（代理人）有限公司	Hong Kong	HK$50,000 registered issued	-	-	100	100	Nominee services
广利南投资管理有限公司	Hong Kong	HK$3,050,000 registered capital	-	-	100	100	Investment agency
南洋商业银行信托有限公司	Hong Kong	HK$3,000,000 registered capital	-	-	100	100	Trustee services
南洋商业银行（中国）有限公司	The PRC	RMB9,500,000,000 registered capital	-	-	100	100	Provision of banking services
南商财富管理顾问有限公司	Hong Kong	HK$22,000,000 registered capital	-	-	100	100	Provision of insurance broker consultancy services
CCAM Capital Limited	The Cayman Islands	US$1 ordinary share	-	-	100	100	Investment holding
Vantage Beauty (HK) Limited	Hong Kong	US$549,241,906 ordinary shares	-	-	100	100	Investment holding
Summer 610 Limited	The Cayman Islands	US$1 ordinary share	-	-	100	100	Project investments
Bountiful State Limited	British Virgin Islands	US$10,000 ordinary shares	-	-	100	100	Project investments
Champion Alliance Development Limited	British Virgin Islands	US$50,000 ordinary shares	-	-	100	100	Project investments
JD Elan Yorktown Limited	The Cayman Islands	US$50,000 ordinary shares	-	-	100	100	Project investments
JD Hecate Limited	The Cayman Islands	US$50,000 ordinary shares	-	-	100	100	Project investments

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests as at 31 December 2022 and 31 December 2021:

Name of subsidiary	Place of incorporation/ principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests 2022 %	2021 %	(Loss)/profit allocated to non-controlling interests 2022 HK$'000	2021 HK$'000	Accumulated non-controlling interests 2022 HK$'000	2021 HK$'000
Jade Aviation, LLC	The Cayman Islands/ Ireland	20	20	16,539	(17,099)	126,621	100,124
Zhongchang International Holdings Group Limited	Hong Kong	25	25	37,543	135	295,176	265,336
Other subsidiaries with non-controlling interests	N/A	N/A	N/A	(6,584)	(5,539)	117,411	143,375
				46,498	(22,503)	539,208	508,835

49. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

The Group is principally involved with structured entities through financial investments. These structured entities generally purchase assets through financing. The Group determines whether or not to consolidate these structured entities depending on whether the Group has control over them. The unconsolidated structured entities include private equity funds, trust products, asset management plans and mutual funds, etc. The interests held by the Group in the unconsolidated structured entities are set out as below.

As at 31 December 2022, the maximum exposure to risk and the book value of relevant investments of the Group rising from the interests held in directly invested structured entities that are sponsored by the Group or the third party financial institutions are set out as below:

	31 December 2022		31 December 2021	
	Carrying amount HK$'000	Maximum exposure to risk HK$'000	Carrying amount HK$'000	Maximum exposure to risk HK$'000
Financial assets at fair value through profit or loss	34,146,907	34,146,907	28,116,015	28,116,015
Interest in associates and joint ventures	1,693,316	1,693,316	598,628	598,628
	35,840,223	35,840,223	28,714,643	28,714,643

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2022 HK$'000	2021 HK$'000
ASSETS		
Deposits with banks and financial institutions	5,611,991	6,074,421
Loans and advances to customers	3,593,349	4,691,251
Financial investments		-
Investment in subsidiaries	68,775,162	68,775,162
Investment properties	140,100	152,200
Property, plant and equipment	13,489	16,805
Right-of-use assets	75,289	102,902
Other assets	51,628,230	61,102,172
	129,837,610	140,914,913
LIABILITIES		
Bank and other borrowings	32,055,359	34,000,056
Tax payable	-	-
Deferred tax liabilities	17,698	19,727
Lease liabilities	84,125	111,216
Other liabilities	89,195,384	95,288,095
	121,352,566	129,419,094
NET ASSETS	8,485,044	11,495,819
EQUITY		
Share capital	24,975,487	24,975,487
Accumulated losses	(16,564,345)	(13,553,737)
Reserves (Note)	73,902	74,069
TOTAL EQUITY	8,485,044	11,495,819

Liang Senlin
Director

Huang Qiang
Director

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share capital HK$'000	Accumulated losses HK$'000	Investment* revaluation reserve HK$'000	Property* revaluation reserve HK$'000	Total HK$'000
At 1 January 2021	24,975,487	(10,876,847)	70	73,687	14,172,397
Loss for the year	-	(2,676,890)	-	-	(2,676,890)
Other comprehensive income for the year	-	-	-	312	312
Items that will not be reclassified subsequently to profit or loss:					
- Revaluation of property, plant and equipment	-	-	-	374	374
- Deferred tax arising from revaluation	-	-	-	(62)	(62)
Total comprehensive income for the year	-	(2,676,890)	-	312	(2,676,578)
At 31 December 2021 and 1 January 2022	24,975,487	(13,553,737)	70	73,999	11,495,819
Loss for the year	-	(3,010,608)	-	-	(3,010,608)
Other comprehensive income for the year	-		-	(167)	(167)
Items that will not be reclassified subsequently to profit or loss:					
- Revaluation of property, plant and equipment	-	-	-	(200)	(200)
- Deferred tax arising from revaluation	-	-	-	33	33
Total comprehensive income for the year	-	(3,010,608)	-	(167)	(3,010,775)
At 31 December 2022	24,975,487	(16,564,345)	70	73,832	8,486,044

* Represented the reserves in the statement of financial position of the Company.

51. EVENTS AFTER THE REPORTING PERIOD

Repayment of guaranteed senior notes
On 8 February 2023, China Cinda Finance (2017) I Limited, a wholly-owned subsidiary of the Company, repaid US$800 million guaranteed senior notes, with a fixed coupon rate of 3.875%, payable semi-annually and guaranteed by the Company.

On 18 March 2023, China Cinda (2020) I Management Limited, a wholly-owned subsidiary of the Company, repaid US$700 million guaranteed senior notes, with a fixed coupon rate of 2%, payable semi-annually and guaranteed by the Company.

Additional equity instruments
On 7 March 2023, NCB has issued perpetual non-cumulative subordinated additional tier 1 capital securities ("additional equity instruments") with a face value of US$300 million. The additional equity instruments are perpetual and bear a 7.35% coupon until the first call date on 7 March 2028.

52. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 April 2023.

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APPENDIX 2 – PRICING SUPPLEMENT

PRICING SUPPLEMENT

MiFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the 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**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's 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 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 MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. 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 EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA which were relied on immediately before exit day 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 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(1)(c) of the Securities and Futures Act 2001 of Singapore **(**the "**SFA**"**)** – In connection with Section 309B of 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 (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).

Paragraph 21 of the Hong Kong SFC Code of Conduct – As paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission applies to this offering of Notes, prospective investors should refer to the section on "*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*" appearing on pages vii to viii of the Offering Circular (as defined below), and CMIs (as defined in the Offering Circular) should refer to the section on "*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)*" appearing on pages 165 to 166 of the Offering Circular.

Pricing Supplement dated 20 May 2024

China Cinda (2020) I Management Limited (the "Issuer")

Issue of U.S.$800,000,000 5.75 per cent. Guaranteed Notes due 2029 (the "Notes")

under the U.S.$5,000,000,000 Medium Term Note Programme (the "Programme")

unconditionally and irrevocably guaranteed by

China Cinda (HK) Holdings Company Limited (the "Guarantor")

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

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) ("**Professional Investors**") only.

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

Notice to Hong Kong investors: The Issuer and the Guarantor confirm 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, the Issuer and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

This document, together with the 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. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the offering circular of the Programme dated 17 May 2024 (the "**Offering Circular**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

1.	Issuer:		China Cinda (2020) I Management Limited
2.	(a)	Status of the Notes:	Senior
	(b)	Guarantee:	Guaranteed by China Cinda (HK) Holdings Company Limited
3.	(a) Series Number:		007
	(b) Tranche:		001
4.	Specified Currency or Currencies:		United States dollars
5.	Aggregate Nominal Amount:		U.S.$800,000,000
6.	(a) Issue Price:		99.944 per cent. of the Aggregate Nominal Amount
	(b) Gross Proceeds:		U.S.$799,552,000

7.	(a)	Specified Denominations:	U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof
	(b)	Calculation Amount:	U.S.$1,000
8.	(a)	Issue Date:	28 May 2024
	(b)	Interest Commencement Date:	Issue Date
9.	Maturity Date:		28 May 2029
10.	(a)	Interest Basis:	5.75 per cent. Fixed Rate (further particulars specified below)
	(b)	Default Rate:	None
11.	Redemption/Payment Basis:		Redemption at par
12.	Change of Interest or Redemption/Payment Basis:		Not Applicable
13.	Put/Call Options:		Issuer Call (further particulars specified below)
14.	NDRC Registration/Confirmation:		The registration certificate issued by the National Development and Reform Commission on 15 April 2024
15.	Listing:		The Stock Exchange of Hong Kong Limited (the expected effective listing date of the Notes is on or around 29 May 2024)
16.	Place of Payment:		New York City, Hong Kong
17.	Method of distribution:		Syndicated
18.	Private Bank Rebate/Commission		Not Applicable

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

19.	Fixed Rate Note Provisions		Applicable
	(a)	Rate of Interest:	5.75 per cent. per annum payable semi-annually in arrears
	(b)	Interest Payment Dates:	28 May and 28 November in each year, commencing on 28 November 2024
	(c)	Fixed Coupon Amount:	U.S.$28.75 per Calculation Amount
	(d)	Broken Amount(s):	Not Applicable
	(e)	Day Count Fraction:	30/360
	(f)	Determination Dates:	Not Applicable
	(g)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
20.	**Floating Rate Note Provisions**		Not Applicable
21.	**Zero Coupon Note Provisions**		Not Applicable

22.	**Index-Linked Interest Note Provisions**	Not Applicable
23.	**Dual Currency Note Provisions**	Not Applicable
24.	**Default Rate**	Not Applicable

PROVISIONS RELATING TO REDEMPTION

25. Call Option — Applicable

(a) 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

(b) Optional Redemption Amount(s) of each Note and specified denomination method, if any, of calculation of such amount(s): If the Optional Redemption Date falls on or prior to three months prior to the Maturity Date, an amount equal to the greater of (1) 100% of the principal amount of the Note and (2) the sum of the then current values of the remaining scheduled payments of principal and interest discounted to the Optional Redemption Date on an annual basis based on the actual number of days elapsed divided by 360 at the Treasury Rate plus 25 basis points.

If the Optional Redemption Date falls within the three months prior to the Maturity Date, an amount equal to 100% of the principal 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 of comparable maturity to the remaining term of the Notes to be redeemed.

"**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 Guarantor obtains fewer than three such Reference Treasury Dealer Quotations, the average of all quotations obtained.

"**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 computed as of the third Business Day immediately preceding such redemption date).
	(c)	If redeemable in part:	
		(i) Minimum Redemption Amount:	U.S.$200,000
		(ii) Maximum Redemption Amount:	Not Applicable
	(d)	Notice period:	Not less than 20 nor more than 30 days' irrevocable notice to the Noteholders
26.	**Put Option**		Not Applicable
27.	**Final Redemption Amount of each Note**		U.S.$1,000 per Calculation Amount
28.	**Early Redemption Amount**		
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):		U.S.$1,000 per Calculation Amount
29.	**Other Redemption/Repurchase Events**		Condition 6(c) (*Redemption for Taxation Reasons*) and Condition 6(f) (*Repurchase for Change of Control Triggering Event*) are applicable

GENERAL PROVISIONS APPLICABLE TO THE NOTES

30.	(a)	Form of Notes:	Registered Notes
	(b)	Applicable TEFRA exemption:	Not Applicable
31.	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):		No
32.	Financial Center(s) or other special provisions relating to Payment Dates:		New York City, Hong Kong
33.	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 (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:		Not Applicable

34.	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 (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable
35.	Redenomination, Renominalisation and Reconventioning:	Not Applicable
36.	Consolidation provisions:	Not Applicable
37.	Use of Proceeds:	Payment of existing indebtedness in accordance with applicable laws and NDRC registration documents
38.	Other terms or special conditions:	Not Applicable

DISTRIBUTION

39.	(a) If syndicated, names of Managers:	ABCI CAPITAL LIMITED BANK OF CHINA (HONG KONG) LIMITED BANK OF COMMUNICATIONS CO., LTD. HONG KONG BRANCH BOCI ASIA LIMITED BOCOM INTERNATIONAL SECURITIES LIMITED MERRILL LYNCH (ASIA PACIFIC) LIMITED CHINA CITIC BANK INTERNATIONAL LIMITED CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED CHINA GALAXY INTERNATIONAL SECURITIES (HONG KONG) CO., LIMITED CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED CINDA INTERNATIONAL CAPITAL LIMITED STANDARD CHARTERED BANK AGRICULTURAL BANK OF CHINA LIMITED HONG KONG BRANCH AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED CCB INTERNATIONAL CAPITAL LIMITED

		CHINA EVERBRIGHT BANK CO., LTD., HONG KONG BRANCH CHINA MINSHENG BANKING CORP., LTD., HONG KONG BRANCH CHINA ZHESHANG BANK CO., LTD. (HONG KONG BRANCH) CLSA LIMITED CMBC SECURITIES COMPANY LIMITED CNCB (HONG KONG) CAPITAL LIMITED CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK DEUTSCHE BANK AG, HONG KONG BRANCH ESSENCE INTERNATIONAL SECURITIES (HONG KONG) LIMITED GOLDMAN SACHS (ASIA) L.L.C. GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED NANYANG COMMERCIAL BANK, LIMITED SHANGHAI PUDONG DEVELOPMENT BANK CO., LTD., HONG KONG BRANCH SMBC NIKKO SECURITIES (HONG KONG) LIMITED ZHONGTAI INTERNATIONAL SECURITIES LIMITED
	(b) Stabilising Manager (if any):	Any of the Managers other than China CITIC Bank International Limited
40.	If non-syndicated, name of Dealer:	Not Applicable
41.	U.S. selling restrictions:	Regulation S, Category 1 (but no initial distribution to U.S. persons)
42.	Additional selling restrictions:	Not Applicable
43.	Singapore Sales to Institutional Investors and Accredited Investors only:	Applicable
44.	Interests of Managers involved in the issue/offer:	Not Applicable

OPERATIONAL INFORMATION

45.	ISIN Code:	XS2823828061
46.	Common Code:	282382806
47.	LEI Code of Issuer:	549300ZIBIB6Z9RSNU64
48.	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	Not Applicable
49.	Delivery:	Delivery against payment
50.	Additional Paying Agent(s) (if any):	Not Applicable
51.	Additional Registrar (if any):	Not Applicable
52.	Ratings:	The Notes are expected to be rated BBB+ by Standard & Poor's Ratings Services and A- by Fitch Ratings Ltd.

HONG KONG SFC CODE OF CONDUCT

53.	(a) Rebates	Not Applicable
	(b) Contact email addresses of the Managers where underlying investor information in relation to omnibus orders should be sent:	abcic.dcm@abci.com.hk; cindamtn@bochk.com; dcm@bankcomm.com.hk; debt.syndicate@bocigroup.com; dcm_project.fi@bocomgroup.com; bofa_dcm_syndicate_pb_orders@bofa.com; TMG_Syndicate@cncbinternational.com; ccba_dcm@asia.ccb.com; DCM@execution@chinastock.com.hk; IB_Project_Loong2024@cicc.com.cn; DebtSyndicate@csci.hk; dcm@cinda.com.hk; SYNHK@sc.com; fmd.dcm@abchina.com; dcm_hk@czbank.com; ib.dcm.china@clsa.com; ficcsyndicate@citicclsa.com; dcm@cmbccap.com; dcm@cncbinvestment.com; Project.Loong@ca-cib.com; HKG-Syndicate@ca-cib.com; project.loong@list.db.com; dcm.ig@gtjas.com.hk; johnnylee@ncb.com.hk; jlee2866@bloomberg.net; lawrenceliao@ncb.com.hk; jliao129@bloomberg.net; claireyin@ncb.com.hk; claireyin@bloomberg.net; dcmnea.int@smbcnikko-hk.com; dcm@ztsc.com.hk
	(c) 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 listing on The Stock Exchange of Hong Kong Limited of the Notes described herein pursuant to the U.S.$5,000,000,000 Medium Term Note Programme of the Issuer.

NO MATERIAL ADVERSE CHANGE

Except as disclosed elsewhere in the Offering Circular, there has been no material adverse change in the financial or trading position or prospects of the Guarantor or the Group since 31 December 2023.

RESPONSIBILITY

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

Signed on behalf of **China Cinda (2020) I Management Limited**

By: ______________________________

Duly Authorised

Signed on behalf of **China Cinda (HK) Holdings Company Limited**

By: 黄强 ______________________________

Duly Authorised