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

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

Notice to Hong Kong investors: The Issuer and the Guarantor (each as defined below) 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 the Programme has been and the Notes (to the extent such Notes are to be listed on The Stock Exchange of Hong Kong Limited) will be listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

PUBLICATION OF THE OFFERING CIRCULAR

Guotai Junan Holdings Limited
國泰君安控股有限公司

(incorporated in British Virgin Islands with limited liability)

(the "**Issuer**")

U.S.$3,000,000,000 Medium Term Note Programme (the "Programme")

unconditionally and irrevocably guaranteed by

Guotai Junan Securities Co., Ltd.
(国泰君安证券股份有限公司)

(incorporated in the People's Republic of China with limited liability)

(the "**Guarantor**")

(HKSE Stock Code: 2611 and SSE Stock Code: 601211)

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 6 June 2024 (the "**Offering Circular**") appended hereto in relation to the Programme. As disclosed in the Offering Circular, the notes to be issued under the Programme (the "**Notes**") are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and the Programme has been 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.

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

Hong Kong SAR, 7 June 2024

As at the date of this announcement, the directors of Guotai Junan Holdings Limited 國泰君安控股有限公司 are YIM Fung and XIE Lebin.

As at the date of this announcement, the directors of Guotai Junan Securities Co., Ltd. (国泰君安证券股份有限公司) are ZHU Jian, LI Junjie, LIU Xinyi, GUAN Wei, ZHONG Maojun, CHEN Hua, SUN Minghui, ZHANG Manhua, ZHANG Yipeng, AN Hongjun, DING Wei, LI Renjie, BAI Wei, WANG Guogang, YIM, Chi Hung Henry and PU Yonghao.

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OFFERING CIRCULAR DATED 6 JUNE 2024

IMPORTANT NOTICE

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

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular (the "**Offering Circular**"). You are advised to read this disclaimer carefully before accessing, reading or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from Guotai Junan Holdings Limited 國泰君安控股有限公司 (the "**Issuer**") and/or Guotai Junan Securities Co., Ltd. (国泰君安证券股份有限公司) (the "**Guarantor**") as a result of such access. In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, investors must be outside the United States.

Confirmation of Your Representation: The Offering Circular is being sent to you at your request and by accepting the email and accessing the Offering Circular, you shall be deemed to represent to the Issuer, the Guarantor, each of Guotai Junan Securities (Hong Kong) Limited and Standard Chartered Bank (together, the "**Arrangers**" and the "**Dealers**" and each an "**Arranger**" and a "**Dealer**") that (1) you and any customers you represent are outside the United States and, in certain circumstances, not U.S. persons (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**")) and that the email address that you gave us and to which this email has been delivered is not located in the United States, its territories or possessions, and (2) you consent to delivery of the Offering Circular and any amendments or supplements thereto by electronic transmission.

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

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR 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, SOLD OR (IN THE CASE OF NOTES IN BEARER FORM) DELIVERED WITHIN THE UNITED STATES, OR IN CERTAIN CIRCUMSTANCES, TO U.S. PERSONS, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE OFFERING IS MADE SOLELY OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT.

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of any of the Issuer, the Guarantor, the Arrangers or the Dealers to subscribe for or purchase any of the securities described therein in any jurisdiction where it is unlawful to do so, and access has been limited so that it shall not constitute, in the United States or elsewhere, directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licenced broker or dealer and any Arranger or Dealer or any of their respective affiliates is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by it or such affiliate on behalf of the Issuer and the Guarantor in such jurisdiction.

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

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

YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE 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 OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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国泰君安证券
GUOTAI JUNAN SECURITIES

GUOTAI JUNAN HOLDINGS LIMITED
國泰君安控股有限公司

(incorporated in the British Virgin Islands with limited liability)

U.S.$3,000,000,000
Medium Term Note Programme

unconditionally and irrevocably guaranteed by

GUOTAI JUNAN SECURITIES CO., LTD.
(国泰君安证券股份有限公司)

(incorporated in the People's Republic of China with limited liability)

(HKSE Stock Code: 2611 and SSE Stock Code: 601211)

Under the U.S.$3,000,000,000 Medium Term Note Programme described in this Offering Circular (the "**Programme**"), Guotai Junan Holdings Limited 國泰君安控股有限公司 (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue medium term notes (the "**Notes**") which will be unconditionally and irrevocably guaranteed ("**Guarantee**") by Guotai Junan Securities Co., Ltd. (国泰君安证券股份有限公司) (the "**Guarantor**"). The Issuer is an indirectly wholly-owned subsidiary of the Guarantor. The aggregate principal amount of Notes outstanding will not at any time exceed U.S.$3,000,000,000 (or the equivalent in other currencies), subject to increase as further described in "*Summary of the Programme*".

Each Tranche (as defined in "*Summary of the Programme*") of Notes issued under the Programme will have the benefit of a deed of guarantee dated on or about the relevant Issue Date (as defined in the Terms and Conditions of the Notes) (each, as amended, restated and/or supplemented from time to time, a "**Deed of Guarantee**") entered into between the Guarantor and The Bank of New York Mellon, London Branch as trustee (the "**Trustee**") substantially in the form attached to the Trust Deed (as defined in the Terms and Conditions of the Notes). The Guarantor will be required to submit or cause to be submitted to the State Administration of Foreign Exchange of the PRC or its relevant branch ("**SAFE**") for registration the relevant Deed of Guarantee within the prescribed timeframe after execution of the relevant Deed of Guarantee in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the "**Cross-Border Security Registration**"). The Guarantor intends to use its best endeavours to complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the relevant Registration Deadline (as defined in the Terms and Conditions of the Notes). The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable laws and regulations, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

With respect to each Tranche of the Notes where Order 56 (as defined below) is applicable, registration will be completed, or application to register will be made, by the Guarantor in accordance with the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debt 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 National Development and Reform Commission of the PRC (the "**NDRC**") and which came into effect on 10 February 2023 and any implementation rules as issued by the NDRC ("**Order 56**"), as set forth in the applicable Pricing Supplement. After issuance of each Tranche of the Notes where Order 56 is applicable, the Guarantor shall file or cause to be filed with the NDRC the requisite information and documents relating to the completion of an issue of such Tranche of Notes, within ten PRC Business Days after the relevant Issue Date of the Notes and in accordance with Order 56.

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

Notice to Hong Kong investors: The Issuer and the Guarantor confirm that each Tranche of Notes issued under the Programme are intended for purchase by Professional Investors only and the Programme and the Notes (with respect to Notes 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 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.

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, the Issuer, the Guarantor, the Group (as defined below), or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

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

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

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

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

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

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

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

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

IMPORTANT – 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 (the "**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**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE – The Pricing Supplement in respect of any Notes may include a legend entitled "*Singapore Securities and Futures Act Product Classification*" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act 2001 of Singapore (the "**SFA**"). The Issuer will make a determination and provide the appropriate written notification to "**relevant persons**" in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a) and section 309B(1)(c) of the SFA.

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

The Programme has been assigned a rating of Baa1 by Moody's Investors Service, Inc. ("**Moody's**"). In addition, the Guarantor has been assigned a foreign and local currency issuer rating of "BBB+" with stable outlook by S&P Global Ratings, a division of S&P Global Inc. ("**S&P**") and a long-term foreign and local currency issuer rating of Baa1 from Moody's with stable outlook. These ratings are only correct as at the date of this Offering Circular. Tranches of Notes to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A rating 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.

Investing in the Notes involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and in the applicable Pricing Supplement and the merits and risks of investing in a particular issue of Notes in the context of their financial position and particular circumstances. Investors should also have the financial capacity to bear the risks associated with an investment in Notes. Investors should not purchase Notes unless they understand and are able to bear risks associated with Notes. Prospective investors should have regard to the factors described under the section entitled "*Risk Factors*" in this Offering Circular.

Arrangers and Dealers

Guotai Junan International | **Standard Chartered Bank**

Offering Circular dated 6 June 2024

NOTICE TO INVESTORS

Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable inquiries that to the best of its knowledge and belief (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor, the Group, the Notes and the Guarantee which is material in the context of the issue and offering of the Notes (including all information required by applicable laws or which, according to the particular nature of the Issuer, the Guarantor, the Group, 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, the Group and of the rights attaching to the Notes and the Guarantee); (ii) the statements contained in this Offering Circular are in every material particular true and accurate and not misleading in any material respect; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Guarantor, the Group and the Guarantee are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Guarantor, the Group, the Notes, or the relevant Deed of Guarantee, the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Offering Circular misleading in any material respect; (v) 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; and (vi) the statistical, industry and market-related data and forward-looking statements included in this Offering Circular are based on or derived or extracted from sources which each of the Issuer and the Guarantor believes to be accurate and reliable in all material respects and represent each of their good faith estimates that are made on the basis of data so derived from such sources. Each of the Issuer and the Guarantor has taken reasonable care in reproducing or extracting such data and, to the extent required, the Issuer and the Guarantor have obtained the written consent to the use of such data from such sources.

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

Listing of the Programme or the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Group or the Notes. In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor and the terms of the offering, including the merits and risks involved. Please see "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Notes. Each Tranche of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" as amended and/or supplemented by a Pricing Supplement. This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein (see "*Information Incorporated by Reference and Financial Information*") and, in relation to any Tranche of Notes, must be read and construed together with the relevant Pricing Supplement. This Offering Circular shall be read and construed on the basis that such documents are incorporated in and form part of this Offering Circular.

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, each of Guotai Junan Securities (Hong Kong) Limited and Standard Chartered Bank (together, the "**Arrangers**" and the "**Dealers**" and each an "**Arranger**" and a "**Dealer**"), the Trustee and the Agents (as defined in the Terms and Conditions of the Notes) to inform themselves about and to observe any such restrictions. None of the Issuer, the Guarantor, the Arrangers, the Dealers, the Trustee and the Agents (or any of their respective affiliates, directors, officers, employees, representatives, advisers, agents and any person who controls any of them) represents that this Offering Circular or any Pricing Supplement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. No action is being taken to permit a public offering of any of the Notes or the distribution of this Offering Circular or any Pricing Supplement in any jurisdiction where action would be required for such purposes. Accordingly, no Notes may be offered or sold, directly or indirectly, and none of this Offering Circular, any Pricing Supplement or any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

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 distributor should take into consideration the 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 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, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the 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 UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

IMPORTANT – 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 EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of 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 the Prospectus Regulation. Consequently, no key information document required by 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.

IMPORTANT – 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 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; (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 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.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE – *The Pricing Supplement in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act 2001 of Singapore (the "**SFA**"). The Issuer will make a determination and provide the appropriate written notification to "relevant persons" in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a) and section 309B(1)(c) of the SFA.*

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

Certain CMIs may also be acting as "*overall coordinators*" (together, the "**OCs**") for a CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering. Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor 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, 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 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 Dealers, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant Dealers or its group company has more than 50 per cent.

interest, in which case it will be classified as a "*proprietary order*" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "*proprietary order*" may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "*proprietary order*". If a prospective investor is otherwise affiliated with any relevant Dealer, such that its order may be considered to be a "*proprietary order*" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Dealer when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "*proprietary order*". Where prospective investors disclose such information but do not disclose that such "*proprietary order*" may negatively impact the price discovery process in relation to the relevant CMI Offering, such "*proprietary order*" is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

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

There are restrictions on the offer and sale of the Notes, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the EEA, the United Kingdom, Hong Kong, Singapore, Japan, the PRC and the British Virgin Islands, and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Notes and distribution of this Offering Circular and any Pricing Supplement, see "*Subscription and Sale*".

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

Neither this Offering Circular nor any Pricing Supplement constitutes an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Arrangers, the Dealers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, advisers, agents and any person who controls any of them) to subscribe for or purchase any Notes and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the Programme and the proposed offering of the Notes under the Programme as described herein.

Neither the Issuer nor the Guarantor has authorised its use for any other purpose. This Offering Circular may not be copied or reproduced in whole or in part. It may be distributed only to and its contents may be disclosed only to the prospective investors to whom it is provided. By accepting delivery of this Offering Circular each investor agrees to these restrictions.

No representation or warranty, express or implied, is made or given by the Arrangers, the Dealers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, advisers, agents and any person who controls any of them) as to the accuracy, completeness or sufficiency of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Programme, and nothing contained or incorporated in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Arrangers, the Dealers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, advisers, agents and any person who controls any of them). None of the Arrangers, the Dealers, the Trustee and the Agents (or any of their respective affiliates, directors, officers, employees, representatives, advisers, agents and any person who controls any of them) has independently verified any of the information contained or incorporated in this Offering Circular and can give assurance that such information is accurate, truthful or complete.

To the fullest extent permitted by law, each of the Arrangers, the Dealers, the Trustee and the Agents (and any of their respective affiliates, directors, officers, employees, representatives, advisers, agents and any person who controls any of them) does not accept any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by it or on its behalf in connection with the Issuer, the Guarantor, the Group, the giving of the Guarantee or the issue and offering of the Notes. Each of the Arrangers, the Dealers, the Trustee and the Agents (and any of their respective affiliates, directors, officers, employees, representatives, advisers, agents and any person who controls any of them) accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Arrangers, the Dealers, the Trustee and the Agents (or any of their respective affiliates, directors, officers, employees, representatives, advisers, agents and any person who controls any of them) undertakes to review the financial condition or affairs of the Issuer, the Guarantor or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investors in the Notes of any information coming to the attention of any Arranger, any Dealer, the Trustee or any Agent (or any of their respective affiliates, directors, officers, employees, representatives, advisers, agents and any person who controls any of them).

This Offering Circular, the Pricing Supplement and any other information supplied in connection with the Programme or any Notes (i) are not intended to provide the basis of any credit or other evaluation and (ii) should not be considered as a recommendation by any of the Issuer, the Guarantor, the Arrangers, the Dealers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, advisers, agents and any person who controls any of them) that any recipient of this Offering Circular should purchase any Notes. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Notes should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

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

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

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

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 Arrangers, the Dealers, the Trustee, the Agents or their respective affiliates, directors, officers, employees, representatives, advisers, agents and any person who controls any of them, and none of the Issuer, the Guarantor, the Arrangers, the Dealers, the Trustee, the Agents and their respective affiliates, directors, officers, employees, representatives, advisers, agents and any 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. This Offering Circular summarises certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents.

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

Forward-looking Statements

This Offering Circular contains certain forward-looking statements, including statements using the words "*believes*", "*anticipates*", "*intends*", "*expects*" or other similar terms. This applies in particular to statements under the captions "*Risk Factors*", "*Description of the Issuer*", "*Description of the Group*", and statements elsewhere in this Offering Circular relating to, among other things, the future financial performance, plans and expectations regarding developments in the business of the Group. These forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that may cause the actual results, including the financial position and profitability of the Group, to be materially different from or worse than those expressed or implied by these forward-looking statements. The Issuer and the Guarantor do not assume any obligation to update such forward-looking statements and to adapt them to future events or developments.

Presentation of Financial Information

This Offering Circular contains consolidated financial information of the Guarantor as at and for the year ended 31 December 2021, which has been extracted from the audited consolidated financial statements of the Guarantor as at and for the year ended 31 December 2022 (the "**2022 Audited Financial Statements**"), included elsewhere in this Offering Circular. This Offering Circular also contains consolidated financial information of the Guarantor as at and for the years ended 31 December 2022 and 2023 which has been extracted from the audited consolidated financial statements of the Guarantor as at and for the year ended 31 December 2023 (the "**2023 Audited Financial Statements**", together with the 2022 Audited Financial Statements, the "**Audited Financial statements**"), included elsewhere in this Offering Circular.

The Audited Financial Statements have been audited by KPMG ("**KPMG**"), the Guarantor's current independent auditor. The Audited Financial Statements were prepared and presented in accordance with the International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**").

The Group has adopted certain new and amended IFRSs issued by the IASB that are firstly effective for the financial year ended 31 December 2023, including "*Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)*" (the "**IAS 12 Amendments**"). In accordance with the IAS 12 Amendments, certain comparative consolidated financial information of the Guarantor as at and for the year ended 31 December 2022 was restated in the 2023 Audited Financial Statements. See note 2.3(b) to the 2023 Audited Financial Statements for more information. As a result, certain consolidated financial information of the Guarantor as at and for the years ended 31 December 2022 and 2023 is not directly comparable to that as at and for the year ended 31 December 2021. Investors must therefore exercise caution when making comparisons between financial figures included in this Offering Circular to evaluate the Group's financial condition and results of operations.

Unless otherwise stated, all financial data contained herein which is stated as relating to the Guarantor is referring to the consolidated data of the Guarantor.

INFORMATION INCORPORATED BY REFERENCE AND FINANCIAL INFORMATION

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

(i) each relevant Pricing Supplement; and

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

(iii) any audited consolidated annual financial statements or unaudited but reviewed interim condensed consolidated financial statements of the Group, in each case together with any audit or review reports prepared in connection therewith, that are published subsequent to the date of this Offering Circular as amended and supplemented from time to time,

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

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 the documents mentioned in (i) and (ii) above which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available (upon prior written request and proof of holding and identity satisfactory to the Trustee) free of charge, at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m., Hong Kong time) on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the principal office of the Trustee set out at the end of this Offering Circular.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

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

A Share(s)	in the context of the capital markets, shares of PRC companies that are traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange
APP	Application
AUM	the amount of assets under management
B share(s)	foreign invested shares that are traded on the Shanghai Stock Exchange in U.S. dollars or Shenzhen Stock Exchange in HK dollars
Bond Connect	a mutual market access scheme which allows for the freedom of trade in bond markets between Mainland China and overseas markets
China or **PRC**	the People's Republic of China, excluding, for the purpose of this Offering Circular only, Hong Kong, Macau and Taiwan
China (Shanghai) Pilot Free-Trade Zone	a free trade zone in Shanghai, China
China Financial Futures Exchange	a futures exchange established in Shanghai with the approval of the State Council and the authorisation of the CSRC
China Securities Finance	China Securities Finance Corporation Limited (中國證券金融股份有限公司), a joint stock limited company incorporated in the PRC in October 2011 which provides, among other services, margin and securities refinancing services to support the margin financing and securities lending business of PRC securities firms
Controlling Shareholder	has the meaning given to it in the Hong Kong Listing Rules, and in the context of this Offering Circular, refers to International Group
CSI 100 Index	a capitalisation-weighted, free float adjusted stock market index designed to replicate the performance of top 100 stocks traded in the Shanghai and Shenzhen stock exchanges, which is a sub-index of CSI 300 Index
CSI 300 Index	a capitalisation-weighted stock market index compiled by the China Securities Index Co., Ltd. to replicate the performance of 300 stocks traded in the Shanghai and Shenzhen stock exchanges
CSRC	the China Securities Regulatory Commission (中國證券監督管理委員會)

Dalian Commodity Exchange . . .	a Chinese futures exchange based in Dalian, Liaoning Province, China
Director(s)	director(s) of the Group
ETF(s)	exchange-traded funds
FICC	fixed-income instruments, currencies, and commodities
FOF	fund of funds
GDP	gross domestic product
Group or the Group	the Guarantor and its subsidiaries (or the Guarantor and any one or more of its subsidiaries, as the context may require)
Guarantor	Guotai Junan Securities Co., Ltd. (国泰君安证券股份有限公司)
Guotai Junan Asset Management	Guotai Junan Securities Asset Management Co., Ltd (上海國泰君安證券資產管理有限公司), a limited liability company incorporated in the PRC in August 2010, being a wholly-owned subsidiary of the Guarantor
Guotai Junan Financial Holdings	Guotai Junan Financial Holdings Limited (國泰君安金融控股有限公司), a limited liability company incorporated in Hong Kong in August 2007, being a wholly-owned subsidiary of the Guarantor
Guotai Junan Futures	Guotai Junan Futures Co., Limited (國泰君安期貨有限公司), a limited liability company incorporated in the PRC in April 2000, being a wholly-owned subsidiary of the Guarantor
Guotai Junan IM	Guotai Junan Investment Management Co., Ltd (國泰君安投資管理股份有限公司), a joint-stock limited company incorporated in the PRC in December 2001
Guotai Junan Innovation Investment	Guotai Junan Innovation Investment Co., Ltd (國泰君安創新投資有限公司), a limited liability company incorporated in the PRC in May 2009, being a wholly-owned subsidiary of the Guarantor
Guotai Junan International	Guotai Junan International Holdings Limited (國泰君安國際控股有限公司), a limited liability company incorporated in Hong Kong in March 2010, the shares of which are listed on the HKSE (stock code: 1788)
Guotai Junan Securities Research Institute	a securities research institute established by the Group in 1996
Guotai Junan Zhengyu	Guotai Junan Zhengyu Investment Co., Ltd, a limited liability company incorporated in February 2018, being an alternative investment subsidiary of the Guarantor

Guotai Securities	Guotai Securities Co., Ltd (國泰證券有限公司), one of the predecessors of the Guarantor, a limited liability company incorporated in the PRC in September 1992
H Share(s)	in the context of the capital markets, overseas-listed foreign shares of PRC companies that are traded on the HKSE
Hang Seng Composite Index	an index of the Stock Exchange of Hong Kong which offers an equivalent of Hong Kong market benchmark that covers around the top 95th percentile of the total market capitalisation of companies listed on the Main Board of the HKSE
Hang Seng Composite MidCap Index	an index on market capitalisation which cover the top 80 per cent. to 95 per cent. of the total market capitalisation of the Hang Seng Composite Index
Hicend Futures	Hicend Futures Co., Ltd (海證期貨有限公司), a limited liability company incorporated in the PRC in December 1995, being a wholly-owned subsidiary of Shanghai Securities
Hong Kong Stock Connect	a unique collaboration between the Hong Kong, Shanghai and Shenzhen Stock Exchanges which allows international and Mainland Chinese investors to trade securities in each other's markets through the trading and clearing facilities of their home exchange
Hong Kong Stock Exchange or HKSE	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
HuaAn Funds	HuaAn Funds Management Co., Ltd (華安基金管理有限公司), a limited liability company incorporated in the PRC in June 1998
International Group	Shanghai International Group Co., Ltd (上海國際集團有限公司) a limited liability company incorporated in the PRC in April 2000, being the Group's Controlling Shareholder, which is directly administered by the Shanghai SASAC
IPO	initial public offering
Issuer	Guotai Junan Holdings Limited 國泰君安控股有限公司
IT	information technology
Junan Securities	J&A Securities Co., Ltd. (君安證券有限責任公司), one of the predecessors of the Guarantor, a limited liability company incorporated in the PRC in October 1992
M&A	mergers and acquisitions

Mainland-Hong Kong Mutual Recognition of Funds	a scheme jointly launched by the China Securities Regulatory Commission (CSRC) and Hong Kong Securities and Futures Commission (SFC). Under the scheme, eligible Mainland and Hong Kong funds can be distributed in each other's market through a streamlined vetting process
margin and securities refinancing	a business in which securities firms can act as intermediaries to borrow funds or securities from the China Securities Finance and other authorised financial institutions, and lend such funds and securities to their clients
MOF	the Ministry of Finance of the PRC (中華人民共和國財政部)
Moody's	Moody's Investors Service, Inc., a bond credit rating business run by Moody's Corporation
NEEQ	National Equities Exchange and Quotations (全國中小企業股份轉讓系統)
Net Capital	equals net assets minus risk-adjusted financial assets minus other risk-adjusted assets and risk-adjusted contingent liability plus or minus capital from other adjustments recognised or approved by the CSRC
NSSF	the National Council for Social Security Fund (全國社會保障基金理事會)
Offering Circular	this offering circular
OTC	over-the-counter market
PBOC	the People's Bank of China (中國人民銀行), the central bank of the PRC
PC	personal computer
PRC GAAP	China Accounting Standards for Business Enterprises issued by Ministry of Finance of the People's Republic of China, and the application guide, interpretation and other related regulations issued afterwards
province	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
QDII	Qualified Domestic Institutional Investor's (合格境內機構投資者) as approved by the CSRC
QFII	Qualified Foreign Institutional Investors (合格境外機構投資者) as approved by the CSRC

RQFII	RMB Qualified Foreign Institutional Investors (人民幣合格境外機構投資者) as approved by the CSRC
S&P	Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., a bond credit rating business of Standard & Poor's Financial Services LLC
SAC	the Securities Association of China (中國證券業協會), a self-regulatory organisation in the securities industry which operates under the guidance and supervision of the CSRC and the Ministry of Civil Affairs of China
SAFE	the State Administration of Foreign Exchange of the PRC (國家外匯管理局)
securities repurchase	a transaction pursuant to the securities repurchase agreement, in which an eligible investor sells its securities to a securities firm and agrees to repurchase such securities at a fixed price on an agreed future date
securities-backed financing	stock-pledged financing and securities repurchase
Shanghai Electric	Shanghai Electric Group Corp.(上海電氣(集團)公司), a limited liability company incorporated in the PRC in January 1985
Shanghai Futures Exchange	a non-profit-seeking incorporated body regulated by the China Securities Regulatory Commission
Shanghai Gold Exchange	a non-profit-seeking incorporated body established by PBOC which provides trading, clearing, delivery and vaulting services of gold, silver and platinum
Shanghai Municipal Finance Bureau	the MOF local finance bureau in Shanghai
Shanghai SASAC	the State-owned Assets Supervisions Administration Commission of Shanghai Municipal Government (上海市國有資產監督管理委員會)
Shanghai Securities	Shanghai Securities Co., Ltd. (上海證券有限責任公司), a limited liability company incorporated in the PRC in April 2001
Shanghai Stock Exchange or **SSE**	a stock exchange that is based in the city of Shanghai, China, which is one of the two stock exchanges operating independently in the People's Republic of China, the other being the Shenzhen Stock Exchange
Shanghai-Hong Kong Stock Connect	a securities trading and clearing links program developed by the HKSE, Shanghai Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shanghai

Share(s)	ordinary shares in the capital of the Guarantor with a nominal value of RMB1.00 each, comprising A Shares and H Shares
Shareholder(s)	holder(s) of the Share(s)
Shenzhen Investment Holdings	the Shenzhen Investment Holdings Co., Ltd (深圳市投資控股有限公司), a limited liability company incorporated in the PRC in October 2004, being a Shareholder
Shenzhen Stock Exchange	a stock exchange based in the city of Shenzhen, China, which is one of two stock exchanges operating independently in the People's Republic of China, the other being the larger Shanghai Stock Exchange
Shenzhen-Hong Kong Stock Connect	a securities trading and clearing links program developed by the HKSE, Shenzhen Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shenzhen
SSE 50 Index	an index that selects 50 largest stocks of good liquidity and representativeness from Shanghai security market by scientific and objective method
stock-pledged financing	a transaction in which eligible borrowers get financing from eligible lenders by pledging the stocks or other securities they hold and agree to pay back the principal and accrued interest and cancel the pledge in the future
structured notes	a debt financing instrument issued by PRC securities firms that makes payments of return linked with the underlying assets and the principal when due
Supervisor(s)	the supervisor(s) of the Group
Three Policy Banks	China Development Bank (國家開發銀行), The Export-Import Bank of China (中國進出口銀行) and Agricultural Development Bank of China (中國農業發展銀行)
Wind Info	Wind Information Co., Ltd. (萬得信息技術股份有限公司), a company with limited liability incorporated in the PRC in 1994 and a service provider of financial data, information and software
Zhengzhou Commodity Exchange	a futures exchange in Zhengzhou, one of the four futures exchanges in China, which is under the vertical management of China Securities Regulatory Commission (CSRC)

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

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

Historical amounts translated into Renminbi have been translated at historical rates of exchange. Such translations should not be construed as representations that the amounts referred to herein could have been or could be converted into Renminbi at those rates or any other rate at all. This Offering Circular contains translation of certain Renminbi amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise specified, where financial information in relation to the Issuer has been translated into U.S. dollars, it has been so translated, for convenience only, at the rate of RMB7.0999 to U.S.$1.00 (the noon buying rate in New York City on 29 December 2023 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York). Further information regarding exchange rate is set forth in "*Exchange Rate Information*" in this Offering Circular. No representation is made that the Renminbi amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars at any particular rate or at all.

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

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. In addition to statistics, market share information and industry data from publicly available government sources and industry associations, certain information and data contained in this section is derived from Wind Info and Dealogic. As a leading integrated service provider of financial data, information and software in the PRC domestic market, Wind Info serves financial enterprises, including securities companies, fund management companies, insurance companies and banks. The financial database of Wind Info contains comprehensive information on stocks, bonds, futures, foreign exchange, insurance, derivative financial instruments and the macro-economy. Historical data provided by Wind Info is collected by Wind Info independently from various public information sources, including, among others, the SAC, the Shanghai Stock Exchange and the Shenzhen Stock Exchange. Dealogic is an international financial data and information provider. The database of Dealogic encompasses information on equity and debt capital markets, syndicated lending, M&A transactions and institutional investors. Although this information is believed to be reliable, it has not been independently verified by the Issuer, the Guarantor, any Arranger, any Dealer, the Trustee or any Agent (or any of their respective affiliates, directors, officers, employees, representatives, advisers, agents and any person who controls any of them), and none of the Issuer, the Guarantor, any Arranger, any Dealer, the Trustee and the Agents (or any of their respective affiliates, directors, officers, employees, representatives, advisers, agents and any person who controls any of them) make any representation as to the accuracy or completeness of that information. Such information may not be consistent with other information compiled within or outside the PRC. In addition, third party information providers may have obtained information from market participants, and such information may not have been independently verified.

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

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SUMMARY

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

Terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary.

OVERVIEW

The Group is a long-term, consistent and across-the-board leader in the PRC securities industry, providing integrated financial services. Throughout the development of the PRC capital markets, the Group has weathered many industry cycles while forging ahead to establish itself as a comprehensive industry leader. The Group has maintained its leading position in the industry in terms of capital scale, profitability, business strength and risk management capabilities. As at 31 December 2023, the Guarantor has maintained a rating of "BBB+" by S&P and a rating of "Baa1" from Moody's with a stable outlook, which was the highest international rating amongst companies in the PRC securities industry.

The Group has a comprehensive and balanced combination of businesses, and its principal businesses rank at the top of the industry. In addition, the Group is committed to achieving quality growth and maintaining a balance between business scale, profitability and risk management. The Group has been granted the industry's highest regulatory rating of Class A Grade AA from the CSRC for 16 consecutive years from 2008 to 2023.

The Group's vision is to become an integrated financial services provider rooted in China with global coverage and strong influence. Leveraging its strong competitive advantage in the PRC, the Group aims to promote its internationalisation by building up its global network and international execution capabilities, so that it can meet its clients' demand for cross-border financial services. In recent years, the Group further clarified the goals, methods and tasks of building an "integrated service platform", promoted cross-line and cross-divisional collaboration in domestic and overseas markets, upgraded and built a Synergy 2.0 model, and achieved breakthroughs in key synergy businesses, while establishing the Guangdong-Hong Kong-Macao Greater Bay Area Collaborative Development Committee to strengthen regional synergy, as well as actively explored collaborative agile organisation, resulting in gradual improvement of the "customer-centric" integrated service system.

The Group derives its success from the consensus of its culture among its employees, and the continuous implementation of such culture:

Its Values: The Group regards its clients as its first priority and balances the interests of all stakeholders.

The Group prioritises its clients and aim to create value for them through its professional services. The Group believes that it can only further the interests of its Shareholders and employees through creating value for its clients. The Group also believes that the pursuit of long-term goals can lead to the achievement of short-term objectives, and the Group is committed to striking a balance between business scale and profitability.

Its Approach to Profession: The Group adopts a culture of risk management and excellence.

The Group believes that risk management creates value, and that future development relies on compliant operations. The Group seeks to identify the best people for all positions, and to provide the best quality services and deliver the best results to its clients.

Its People Culture: The Group is a people business and it promotes collaboration and co-operation.

The Group views its employees as the cornerstone of its survival and growth. The Group places strong emphasis on its culture and heritage. The Group gives its best employees opportunities for career advancements. Its people culture is based on both shared responsibilities and shared rewards.

Its Code of Conduct: The Group excels by innovation and cherishes its reputation.

The Group believes that innovation is the driver for its future growth and the key to a sustainable leading position. The Group actively practises a sound risk culture and takes forward-looking and pre-emptive actions. The Group cherishes its reputation, honours professional ethics, and commits to its status as a well-respected company. Its vision is to become an integrated financial services provider with roots in China, global coverage and strong influence.

For the years ended 31 December 2021, 2022 and 2023, the Group's total revenue and other income was RMB56,411.2 million, RMB49,086.9 million and RMB52,303.8 million, respectively, and the Group's profit attributable to equity holders of the Guarantor for the same periods was RMB15,013.5 million, RMB11,508.8 million and RMB9,374.1 million, respectively. As at 31 December 2023, the Group's total equity attributable to equity holders of the Guarantor and total assets was RMB166,969.3 million and RMB925,402.5 million, respectively.

The Group's principal business segments are as follows:

- **Wealth Management**: The Group's wealth management business segment primarily includes securities and futures brokerage, financial products, investment advisory, stock pledging, margin financing and securities lending services, agreed securities repurchase and other services to individual clients.

- **Institutional and Trading Business**: The Group's institutional and trading business segment primarily consists of research, institutional brokerage, trading and investment and equity investment, among which, institutional brokerage mainly provides prime brokers, seat leasing, custody outsourcing, QFII and other services to institutional clients; and the trading and investment business mainly includes investment transactions in stocks, fixed income, foreign exchange, large commodities and their derivative financial instruments, as well as providing integrated financial solutions for clients' investment, financing and risk management.

- **Investment Banking**: The Group's investment banking business mainly provides listing sponsorship, equity underwriting, debt underwriting, structured debt financing, M&A financial advisory and diversified corporate solutions to corporate and governmental clients.

- **Investment Management**: The Group's investment management business segment primarily includes asset management and fund management services to institutions and individuals.

- **International Business**: The Group conducted brokerage, corporate finance, asset management, loans and financing, financial products, market-making and investment business in Hong Kong, mainly through Guotai Junan International. The Group has also actively expanded presence into the United States, Europe, Southeast Asia and other regions.

COMPETITIVE STRENGTHS

The Group believes that by capitalising upon the following competitive strengths, the Group will continue to seize the growth opportunities in the PRC capital markets and maintain its long-term, consistent and across-the-board leadership position:

- Strong Support from the Government and Shareholders
- Deeply Rooted Culture of Risk Management and Compliance
- Integrated Service Platform with Leading Position in the PRC Capital Market
- Leader of Technology and Innovation in the PRC Securities Industry
- Experienced Management Team with a Highly Proficient Professional Workforce

BUSINESS STRATEGIES

The Group aims to be an integrated financial services provider with an across-the-board leading position in China and international competitiveness. In particular, the Group plans to implement the following business strategies in relation to its business segments:

- Institutional Finance: Providing Integrated Financial Solutions to Institutional Clients
- Personal Finance: Enhancing Client Stickiness
- Investment Management: Expanding AUM
- International Business: Focusing on the Demand of Domestic Clients for Global Asset Allocation

RECENT DEVELOPMENTS

First Quarterly Report for the three months ended 31 March 2024

On 29 April 2024, the Guarantor published its first quarterly report as at and for the three months ended 31 March 2024 ("**First Quarterly Report**"). The First Quarterly Report is not included in, and do not form part of, this Offering Circular and were prepared by the Guarantor's management and have not been reviewed or audited by its independent auditor, KPMG. Consequently, the First Quarterly Report should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or a review. None of the Issuer, the Guarantor, any Arranger, any Dealer, the Trustee and the Agents, nor any of their respective affiliates, directors, officers, employees, agents, representatives and advisers, nor any person who controls any of them, makes any representation or warranty, express or implied, regarding the accuracy, completeness and sufficiency of the First Quarterly Report. Potential investors must exercise caution when using such data to evaluate the financial condition and results of operations of the Group. The First Quarterly Report should not be taken as an indication of the expected financial condition and results of operations of the Group for the full financial year ending 31 December 2024 or any other future period. Certain material changes in financial position and/or results have only been disclosed below on a qualitative basis.

For the three months ended 31 March 2024, the Guarantor recorded a decrease in its total operating revenue, net profit attributable to equity holders of the company, net profit attributable to equity holders of the company after deducting non-recurring gains and losses, basic earnings per share, diluted earnings per share and weighted average return on net assets comparing to the same period in 2023, which were mainly due to the reasons, among others, of decreases in net investment gains from financial instruments as a result of market fluctuations.

As at 31 March 2024, the total assets of the Guarantor slightly decreased as compared to the balance as at 31 December 2023, and the total liabilities of the Guarantor decreased as compared to the balance as at 31 December 2023.

Resignation of an Executive Director and the Secretary of the Board, and Appointment of the Secretary of the Board and Vice Presidents

On 24 May 2024, the Guarantor published an announcement on the Hong Kong Stock Exchange in relation to, among other things, the resignation of Mr. Yu Jian (喻健) as an executive director, the secretary of the board of directors of the Guarantor (the "**Board**"), a joint company secretary and an authorised representative of the Guarantor with effect from 24 May 2024. Mr. Nie Xiaogang (聶小剛) was appointed as the secretary of the Board with a term of office the same as the sixth session of the Board. He will formally perform his duties as the secretary of the Board after obtaining the certificate of appointment training for the secretary of the Board issued by the Shanghai Stock Exchange. For details of Mr. Nie's biography, see "*Directors, Supervisors and Senior Management — Board of Directors*".

On 25 May 2024, the Guarantor published an announcement on the Shanghai Stock Exchange in relation to, among other things, the appointment of vice presidents. The Board approved that Mr. Chen Zhongyi (陳忠義) and Mr. Han Zhida (韓志達) were appointed as the vice presidents of the Guarantor with a term of office the same as the sixth session of the Board. Mr. Han will formally perform his duties as a vice president after passing the evaluation test on senior management personnel of securities companies. For details of Mr. Chen's and Mr. Han's biography, see "*Directors, Supervisors and Senior Management — Senior Management*".

SUMMARY OF THE PROGRAMME

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

Issuer	Guotai Junan Holdings Limited 國泰君安控股有限公司.
Legal Entity Identifier	254900LPP2WWVAHJTP31.
Guarantor	Guotai Junan Securities Co., Ltd. (国泰君安证券股份有限公司).
Description	Medium Term Note Programme.
Size	Up to U.S.$3,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time. The Issuer and the Guarantor may increase the aggregate principal amount of the Programme in accordance with the terms of the Dealer Agreement.
Risk Factors	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer and the Guarantor to fulfil their respective obligations in respect of the Notes and the Guarantee are discussed under "*Risk Factors*".
Arrangers and Dealers	Guotai Junan Securities (Hong Kong) Limited and Standard Chartered Bank. The Issuer and the Guarantor may from time to time terminate the appointment of any Dealer under the Programme or appoint Dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to "**Dealers**" are to all persons appointed as a dealer in respect of one or more Tranches or the Programme.
Certain Restrictions	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*"). Further restrictions may apply in connection with any particular Series or Tranches of Notes.
Trustee	The Bank of New York Mellon, London Branch.
Issuing and Paying Agent	The Bank of New York Mellon, London Branch.

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

Clearing Systems	Clearstream, Euroclear, the CMU and, in relation to any Tranche, such other clearing system as may be selected by the Issuer and the Guarantor and approved by the Issuing and Paying Agent, the Trustee and if applicable, the Registrar.
Initial Delivery of Notes	On or before the issue date for each Tranche, the Global Note or Global Certificate representing the Notes may be deposited with a common depositary for Euroclear and Clearstream or deposited with a sub-custodian for the CMU. Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Guarantor, the Trustee, the Issuing and Paying Agent and the relevant Dealer(s). Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee for, such clearing systems.
Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer, the Guarantor and the relevant Dealer(s).
Maturities	Subject to compliance with all relevant laws, regulations and directives, any maturity as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s).
Specified Denomination	Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all relevant laws, regulations and directives. Unless otherwise permitted by the then-current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom, or where the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") will have a minimum denomination of £100,000 (or its equivalent in other currencies).
Interest	Notes may be interest-bearing or non-interest-bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Fixed Rate Notes	Fixed interest will be payable in arrear on such date or dates as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s).

Floating Rate Notes	Floating Rate Notes will bear interest determined separately for each Series as follows: • on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions (as defined in "*Terms and Conditions of the Notes*"); or • by reference to EURIBOR, HIBOR, CNH HIBOR or SOFR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin; or • on such other basis as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s). Interest periods will be specified in the relevant Pricing Supplement.
Zero Coupon Notes	Zero Coupon Notes (as defined in "*Terms and Conditions of the Notes*") may be issued at their principal amount or at a discount to it and will not bear interest.
Dual Currency Notes	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes (as defined in the Terms and Conditions of the Notes) will be made in such currencies, and based on such rates of exchange, as the Issuer, the Guarantor and the relevant Dealer(s) may agree and as may be specified in the relevant Pricing Supplement.
Interest Periods and Interest Rates	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.
Redemption	The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable (detailed in a formula or otherwise). Unless permitted by then-current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

Optional Redemption	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Pricing Supplement as further described in Condition 6(e) and Condition 6(f), respectively, of the Terms and Conditions of the Notes.
Redemption for Relevant Events	Following the occurrence of a Relevant Event, any Noteholder will have the right, at such Noteholder's option, to require the Issuer to redeem all, but not some only, of such Noteholder's Note at Early Redemption Amount (Change of Control) or Early Redemption Amount (No-Registration Event), together in each case with accrued interest, as further described in Condition 6(d) of the Terms and Conditions of the Notes.
Redemption for Taxation Reasons	Notes will be redeemable at the Issuer's option prior to maturity for taxation reasons as further described in Condition 6(c) of the Terms and Conditions of the Notes.
Status of Notes	The Notes and any Receipts and Coupons relating to them will constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and will at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable laws and regulation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Status of the Guarantee	The payment obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable laws and regulation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Cross-Acceleration	The Terms and Conditions of the Notes will contain a cross-acceleration provision as described in Condition 9(c) of the Terms and Conditions of the Notes.

Withholding Tax	All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes, the Receipts and Coupons or under the relevant Guarantee will be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or the PRC or, in each case, any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law. The Issuer (or the Guarantor, as the case may be) will, subject to certain customary exceptions, pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, as further described in Condition 8 of the Terms and Conditions of the Notes.
Ratings	The Programme has been assigned a rating of Baa1 by Moody's. 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, revision or withdrawal at any time by the assigning rating agency.
Governing Law and Jurisdiction	English law with the submission to the exclusive jurisdiction of Hong Kong courts.
Listing and Admission to Trading	Application has been made to the Hong Kong Stock Exchange for the listing of the Programme under which Notes may be issued by way of debt issues to Professional Investors only within the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange. However, unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange or listed, traded or quoted on or by any other competent authority, exchange or quotation system. Notes listed on the Hong Kong Stock Exchange will be traded on the Hong Kong Stock Exchange in a board lot size of at least HK$500,000 (or its equivalent in other currencies).

Selling Restrictions	There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA, the United Kingdom, Hong Kong, Singapore, Japan, the PRC and the British Virgin Islands and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See "*Subscription and Sale*". Bearer Notes will be issued in compliance with rules in substantially the same form as U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") ("**TEFRA D**") unless (i) the relevant Pricing Supplement states that the Bearer Notes are issued in compliance with rules in substantially the same form as U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) for purposes of Section 4701 of the Code ("**TEFRA C**") or (ii) the Bearer Notes are issued other than in compliance with TEFRA D or TEFRA C. In the case of Bearer Notes, only Notes with a term of 365 days or less (taking into account any unilateral extensions and rollovers) will be issued other than in compliance with TEFRA D or TEFRA C and will be referred to in the relevant Pricing Supplement as a transaction to which the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**") is not applicable. Bearer Notes with a term of more than 365 days (taking into account any unilateral extensions and rollovers) that are held through the CMU must be issued in compliance with TEFRA C, unless at the time of issuance the CMU and CMU Lodging and Paying Agent have procedures in place so as to enable the Issuer to comply with the certification requirements under TEFRA D.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth the summary consolidated financial information of the Guarantor as at and for the years indicated. The summary consolidated financial information presented below as at and for the years ended 31 December 2021, 2022 and 2023 was extracted from the Audited Financial Statements included elsewhere in this Offering Circular. The Audited Financial Statements were prepared and presented in accordance with IFRS issued by IASB and have been audited by KPMG.

The Group has adopted certain new and amended IFRSs issued by the IASB that are firstly effective for the financial year ended 31 December 2023, including the IAS 12 Amendments. In accordance with the IAS 12 Amendments, certain comparative consolidated financial information of the Guarantor as at and for the year ended 31 December 2022 was restated in the 2023 Audited Financial Statements. See note 2.3(b) to the 2023 Audited Financial Statements for more information. As a result, certain consolidated financial information of the Guarantor as at and for the years ended 31 December 2022 and 2023 is not directly comparable to that as at and for the year ended 31 December 2021. Investors must therefore exercise caution when making comparisons between financial figures included in this Offering Circular to evaluate the Group's financial condition and results of operations.

The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the Audited Financial Statements, including the notes thereto, included elsewhere in this Offering Circular.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	For the year ended 31 December		
	2021	**2022**	**2023**
	(RMB'000)	**(RMB'000) (restated)**	**(RMB'000)**
Revenue			
Fee and commission income	19,880,642	17,731,799	18,748,922
Interest income	15,752,963	15,586,674	15,635,577
Net investment gains	10,300,204	5,538,527	9,120,378
Total revenue	**45,933,809**	**38,857,000**	**43,504,877**
Gain on business combination	–	1,478,368	–
Gain on losing control of a subsidiary	1,138,769	–	–
Other income and gains	9,338,609	8,751,553	8,798,954
Total revenues and other income	**56,411,187**	**49,086,921**	**52,303,831**
Fee and commission expenses	(3,930,995)	(3,532,038)	(3,681,163)
Interest expenses	(10,162,410)	(10,822,099)	(12,832,969)
Staff costs	(10,286,478)	(9,537,139)	(9,910,878)
Depreciation and amortization expenses	(1,267,222)	(1,305,198)	(1,514,452)
Tax and surcharges	(190,678)	(214,789)	(185,331)
Other operating expenses and costs	(11,658,102)	(10,728,581)	(12,115,669)
Provision for impairment losses	(721)	(24,261)	(32,399)
Reversal/(accrual) of credit loss expense	(341,023)	464,575	(262,518)
Total expenses	**(37,837,629)**	**(35,699,530)**	**(40,535,379)**
Operating profit	**18,573,558**	**13,387,391**	**11,768,452**
Share of profits of associates and joint ventures	538,723	752,580	379,446
Profit before income tax	**19,112,281**	**14,139,971**	**12,147,898**
Income tax expenses	(3,809,739)	(2,517,168)	(2,262,481)
Profit for the year	**15,302,542**	**11,622,803**	**9,885,417**
Attributable to:			
Equity holders of the Company	15,013,480	11,508,784	9,374,143
Non-controlling interests	289,062	114,019	511,274

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December		
	2021	2022	2023
	(RMB'000)	(RMB'000) (restated)	(RMB'000)
Non-current assets			
Property and equipment	2,940,786	3,176,858	4,345,379
Investment property	973,275	1,094,163	1,067,254
Right-of-use assets	2,486,964	2,388,079	2,311,388
Goodwill	20,896	4,070,761	4,070,761
Other intangible assets	662,890	733,799	840,235
Investments in associates	7,434,717	6,362,391	7,556,250
Investments in joint ventures	5,492,824	5,081,873	5,234,512
Debt investments at amortised cost	–	2,787,707	3,010,433
Debt instruments at fair value through other comprehensive income	55,034,775	56,359,547	76,450,493
Equity instruments at fair value through other comprehensive income	2,480,358	2,331,288	1,806,371
Financial assets held under resale agreements	1,893,344	298,860	1,783,561
Financial assets at fair value through profit or loss	19,946,824	21,126,943	22,550,093
Refundable deposits	40,795,692	58,922,817	56,787,627
Deferred tax assets	1,845,465	2,457,184	2,457,519
Other non-current assets	103,751	154,482	199,939
Total non-current assets	**142,112,561**	**167,346,752**	**190,471,815**
Current asset			
Accounts receivable	9,312,022	11,759,050	16,823,117
Other current assets	2,911,292	2,913,113	2,409,925
Margin accounts receivable	109,287,307	87,115,509	89,753,965
Debt investments at amortised cost	–	368,442	604,110
Debt instruments at fair value through other comprehensive income	11,803,641	4,829,768	17,696,292
Equity instruments at fair value through other comprehensive income	–	–	69,309
Financial assets held under resale agreements	57,689,409	70,837,360	67,882,530
Financial assets at fair value through profit or loss	264,438,237	310,274,301	350,024,147
Derivative financial assets	4,157,399	8,232,823	9,672,698
Clearing settlement funds	6,726,022	7,414,914	7,315,428
Cash held on behalf of brokerage customers	151,178,698	158,867,961	141,939,238
Cash and bank balances	31,656,227	30,747,924	30,739,910
Total current assets	**649,160,254**	**693,361,165**	**734,930,669**
Total assets	**791,272,815**	**860,707,917**	**925,402,484**
Current liabilities			
Loans and borrowings	4,340,789	9,847,547	11,661,690
Short-term debt instruments	46,021,302	13,649,479	19,372,094
Placements from other financial institutions	12,108,833	12,967,205	11,744,902
Accounts payable to brokerage customers	172,483,608	195,718,783	178,055,072
Employee benefits payable	8,424,175	9,057,704	7,728,844
Income tax payable	2,015,777	1,698,975	1,078,951
Financial assets sold under repurchase agreements	164,884,092	173,236,682	216,829,590
Financial liabilities at fair value through profit or loss	33,950,820	48,327,552	57,623,628
Derivative financial liabilities	9,752,873	9,790,659	11,488,606
Bonds payable	32,246,542	33,724,583	32,443,108
Contract liability	–	96,601	80,141
Lease liabilities	510,987	571,474	615,271
Other current liabilities	43,915,745	64,786,119	82,087,047
Total current liabilities	**530,655,543**	**573,473,363**	**630,808,944**
Net current assets	**118,504,711**	**119,887,802**	**104,121,725**
Total assets less current liabilities	**260,617,272**	**287,234,554**	**294,593,540**

	As at 31 December		
	2021	2022	2023
	(RMB'000)	(RMB'000) (restated)	(RMB'000)
Non-current liabilities			
Loans and borrowings	–	559,151	549,552
Bonds payable	94,520,556	94,159,011	101,582,435
Lease liabilities	1,429,121	1,313,701	1,214,080
Deferred tax liabilities	111,309	128,523	155,141
Financial liabilities at fair value through profit or loss	13,538,712	26,721,315	17,200,633
Other non-current liabilities	380,982	507,394	513,689
Total non-current liabilities	**109,980,680**	**123,389,095**	**121,215,530**
Net assets	**150,636,592**	**163,845,459**	**173,378,010**
Equity			
Share capital	8,908,450	8,906,673	8,904,611
Other equity instruments	11,071,656	16,046,936	19,918,679
Treasury Shares	(638,820)	(393,371)	(361,484)
Reserves	73,650,165	76,474,974	80,001,204
Retained profits	54,132,214	56,683,126	58,506,243
Equity attributable to equity holders of the Company	147,123,665	157,718,338	166,969,253
Non-controlling interests	3,512,927	6,127,121	6,408,757
Total equity	**150,636,592**	**163,845,459**	**173,378,010**

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information contained in this Offering Circular, including the risks and uncertainties described below. The business, financial condition or results of operations of the Group could be materially and adversely affected by any of these risks. The Group believes that the following factors may affect its ability to fulfil its obligations under the Notes. Additional risks and uncertainties not presently known to the Group or which the Group currently deems immaterial may also have an adverse effect on an investment in the Notes. All of these factors are contingencies which may or may not occur and the Group is not in a position to express a view on the likelihood of any such contingency occurring. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Group could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Offering Circular.

Factors which the Group believes may be material for the purpose of assessing the market risks associated with the Notes are described below. The Group believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Group to repay principal, pay interest (if any) or other amounts or fulfil other obligations on or in connection with the Notes may occur for other reasons and the Group does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Potential investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

RISKS RELATING TO MACROECONOMIC ENVIRONMENT AND THE PRC SECURITIES INDUSTRY

General economic and market conditions could materially and adversely affect the Group's business.

The Group's business is affected by both long-term economic trends and short-term volatility caused by general economic conditions, including economic cycles, macroeconomic and monetary policies, inflation, interest rates levels, supply and costs of funding and currency fluctuations. The majority of the Group's revenue is derived from China. As a result, any material and adverse changes in general economic conditions in China may have a material and adverse effect on the Group's business, financial condition and results of operations.

The Group's results of operations are primarily affected by the volatility in the PRC securities markets. The PRC stock market experienced significant fluctuations in recent years, and there can be no assurance that such volatility would not continue in the future. Unfavourable global economic and financial conditions, such as financial instability in the U.S. and the imposition of new bilateral tariffs between China and the U.S., have also had a material impact on the market conditions in China, which, in turn, may affect the Group's results of operations and financial condition.

For the years ended 31 December 2021, 2022 and 2023, the Group derived a considerable proportion of its total revenue and other income from debt financing, equity and bond investments, futures brokerage and derivative investments. As a result, any material and adverse changes in equity and debt markets, futures markets and derivative markets may have a material and adverse effect on the Group's business, financial condition and results of operations.

In addition, in the ordinary course of the Group's business, the Group holds financial assets at fair value through profit or loss and financial assets held under resale agreements. As at 31 December 2023, the Group held financial assets at fair value through profit or loss in the amount of RMB372,574 million and financial assets held under resale agreements in the amount of RMB69,666 million, respectively. General economic and market conditions affect the value of these financial assets. Any material and adverse changes in the value of these financial assets may have a material and adverse effect on the Group's business, financial condition and results of operations.

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

Interest rate fluctuations primarily affect the Group's interest income, fixed-income investments and interest expenses. The Group earns interest income primarily from margin financing and securities lending, deposits in financial institutions and stock-pledged financing and securities repurchase. During periods of declining interest rates, the Group's interest income would generally fall. In addition, the Group holds fixed-income investments. During periods of rising interest rates, market prices of, and the Group's investment returns on, fixed-income securities would generally fall.

The Group also makes interest payments on deposits it holds on behalf of its customers, short-term financing bills, corporate bonds and securities repurchase transactions, as well as subordinated bonds and other debt securities. These interest expenses are directly linked to the then-prevailing market interest rates. During periods of rising interest rates, the Group's interest expenses and financing costs would generally increase.

Significant interest rate fluctuations may reduce the Group's interest income or returns on fixed-income investments, or increase the Group's interest expenses, any of which could adversely affect the Group's financial condition and results of operations.

Fluctuations in the exchange rate of Renminbi against other currencies could have a material and adverse effect on the Group's financial condition and results of operations.

The Group generates most of its revenue in the PRC, and its functional currency is Renminbi. In addition, the Group is actively expanding its international business. A portion of the Group's revenue, expenses and bank borrowings is denominated in Hong Kong dollars, U.S. dollars and other foreign currencies. The exchange rates of Renminbi against U.S. dollar and other currencies are affected by the political and economic environment in the PRC, the PRC Government's fiscal and currency policies, other government's fiscal and currency policies and international political and economic conditions. As a result, fluctuations in exchange rates, particularly between the Renminbi on the one hand, and Hong Kong dollars, U.S. dollars and other currencies on the other hand, may affect the level of the Group's profitability or result in foreign exchange losses on the Group's foreign currency-denominated assets and liabilities.

The PRC securities industry is highly competitive.

The Group's competitors may have certain competitive advantages over the Group, including more sufficient financial resources, stronger brand recognition, lower service fee rates, broader scope of product and service offered, wider geographic reach of network, larger client base and more operation experience. The Group faces pressure to maintain and expand its client base and market share.

The Group cannot assure prospective investors that the Group will be able to continue to maintain or grow its client base. If the Group is unable to maintain high quality services, maintain or reduce its service fee rate, or continue to introduce new products and services that address the needs of its clients, the Group may lose its existing clients or fail to attract new clients. As a result, the Group's business, financial condition and results of operations may be materially and adversely affected.

Changes which impact the competitive environment in the PRC securities industry may have a material and adverse effect on the Group's business.

If the PRC Government gradually deregulates the PRC securities industry, it may attract new competitors to the securities industry or allow the Group's current competitors to expand their business scope into new business lines. The deregulation of the PRC securities industry could also attract more foreign financial institutions to enter the PRC market to conduct investment banking and other related businesses. These institutions are currently subject to PRC regulatory limitations and restrictions on their business activities.

In March 2015, the CSRC stated that it was evaluating a proposal to open up the PRC securities industry to other financial institutions such as commercial banks, but did not provide a timetable on when the new policy would be implemented. The Group believes that allowing PRC commercial banks to enter the securities industry will intensify market competition in securities brokerage, equity underwriting and other businesses, as commercial banks generally have greater financial resources, wider branch networks and larger client bases compared with securities companies. Further, as approved by CSRC, restrictions on the foreign ownership of securities companies have been lifted since 1 April 2020, and eligible overseas investors may, subject to applicable laws and regulations, apply for establishing securities companies or changing the actual controllers of securities companies in the PRC.

In recent years, online financial services companies have entered the PRC financial industry with large client bases and advantages in providing innovative services through the internet. Their services may be considered by the Group's clients or potential clients as a favourable alternative for managing their funds or fulfilling their needs for investments.

Any of the above changes in the competitive environment in the PRC securities industry may increase the level of competition. As a result, the Group's business, financial condition and results of operations may be materially and adversely affected.

RISKS RELATING TO THE GROUP'S BUSINESS AND OPERATIONS

The Group's investment banking business has a number of inherent risks which may reduce its underwriting and sponsorship fees, subject the Group to regulatory penalties and adversely affect the Group's liquidity.

For the years ended 31 December 2021, 2022 and 2023, the total revenue and other income of the Group's investment banking business was RMB3,736.18 million, RMB4,215.71 million and RMB3,669.21 million, respectively, accounting for 6.62 per cent., 8.59 per cent. and 7.02 per cent. of the Group's total revenue and other income. The Group's investment banking business may be materially and adversely affected by the following risks:

Uncertainty of regulatory approval. The offering of securities, especially IPOs, and certain types of M&A of listed companies, are subject to the review and approval by various regulatory authorities. The result and timing of these reviews and approvals are beyond the Group's control, and may cause substantial delays to, or the termination of, the securities offerings underwritten by the Group or M&A advised upon by the Group. The Group cannot assure prospective investors that regulatory approvals for securities offerings or M&A will be granted in a timely manner or at all. For example, there was a short halt of approvals of A share IPOs by the CSRC in the second half of 2015, primarily due to market volatility. A significant decline in the approval rate of such transactions could reduce the Group's revenue from investment banking business, as the Group normally receives most of its fees only after the completion of a transaction.

Risks in relation to sponsorship and underwriting and financial advisory. When acting as sponsors and underwriters in IPOs or financial advisers in M&A transactions, the Group may be subject to domestic or overseas regulatory sanctions, fines, penalties, investor compensation or other disciplinary actions and other legal liabilities if the Group's due diligence or its ongoing supervision is inadequate, or an issuer, its agents, other sponsors and underwriters or the Group's employees commit fraud or misconduct, or there is a misstatement or omission in the disclosure documents, or there is another illegal or improper activity during the course of the sponsorship and underwriting or advisory process.

Market conditions and hard underwriting. Unfavourable market conditions and capital markets volatility may cause delays to, or the termination of, IPOs or other securities offerings underwritten by the Group and M&A advised upon by the Group, or may generally result in fewer financing and M&A activities, which may in turn materially and adversely affect revenue from the Group's investment banking business. In addition, if the Group enters into hard underwriting arrangements with its clients, the Group may be required to purchase the entire unsubscribed portion for the Group's own account, which may materially and adversely affect the Group's liquidity, or cause the Group to incur significant financial losses.

The performance of the Group's proprietary trading business is subject to a number of inherent uncertainties which may lead to a decrease in the Group's investment returns or an investment loss.

A significant portion of the Group's business operations includes proprietary trading in equities, derivative financial investments and FICC. The business, financial position and results of operations of the Group's proprietary trading activities may be materially and adversely affected by the following risks:

Market volatility. The Group conducts trading activities in equity and fixed-income securities and market-making activities for its own account, which are subject to volatility in the securities markets and are exposed to market risks such as adverse changes in interest rates, exchanges rates and stock prices. The results of the Group's trading activities generally correlate with the performance of the PRC securities markets. Since 2019, the comprehensive deepening of reform and opening up of capital markets has brought new development opportunities to the PRC securities markets. After a downward cycle from 2015 to 2018, the PRC securities markets have returned to an upward trend, with steady profitable growth in asset scale and significant improvement in performance during 2019 to 2021, but recorded declined profit in 2022.

Risks in relation to derivative financial instruments. The derivative financial instruments transactions the Group enters into include stock options, treasury futures and stock index futures. The Group generally uses derivative financial instruments to hedge against the risk of price volatility in its investment portfolio or to adjust the risk exposure of the Group's investment portfolio. However, currently, the types of financial investment products available in the PRC securities market remain limited, which makes it difficult for the Group to fully hedge against fluctuations in the value of the Group's investment portfolio, and the derivative financial instruments that the Group uses may not be as effective as the Group expects. In addition, the Group is exposed to risks associated with derivatives contracts the Group enters into, which could result in losses. Since the derivative financial instruments markets in the PRC are developing, the Group's experience in managing new products or trading derivative financial products may be inadequate and the Group may be subject to losses.

Regulatory limitations. Changes in securities-related regulations may lead to limitations on the Group's trading activities. For example, since September 2015, the regulators have raised margin requirements for stock index futures and treated opening daily positions of more than ten contracts by an investor on a single stock index future as "abnormal trading". The regulators have also increased the fees for settling positions. In February 2017 and December 2018, the regulators lowered the margin requirements and the fees for settling positions for stock index futures. These measures impact short-selling and block trading activities, which may affect the Group's ability to hedge its proprietary trading positions.

Incorrect investment decisions and judgement. The performance of the Group's proprietary trading is determined by its investment decisions and judgement based on its assessment of existing and future market conditions. If the Group makes mistakes in its investment decisions, or the actual changes in market conditions differ from the Group's projections, the Group's proprietary trading activities may suffer losses and not achieve its anticipated investment returns.

The Group may not be able to maintain its brokerage fee for and commission income and interest income from its retail brokerage business.

The Group relies heavily on its retail brokerage business, whose financial position and results of operations may be materially and adversely affected by the following risks:

Volatility in market trading volumes. The Group's brokerage fee and commission income is dependent on market trading volume, which is in turn affected by investor sentiment. Volatility in financial markets and deteriorating investor sentiment can therefore have an adverse impact on the Group's retail brokerages' results of operations.

Decrease in brokerage trading commission rates. The downward trend of brokerage trading commission rates could materially and adversely affect the Group's retail brokerage business. Some of the Group's competitors have actively promoted their online brokerage services and continued to lower their retail brokerage commission rates in recent years. If more competitors expand their online brokerage businesses, retail brokerage commission rates in the industry will likely further decrease.

Increase in supply of securities brokerage services. The securities brokerage industry in China is highly competitive. In April 2015, China Securities Depository and Clearing Corporation Limited revoked the long-standing "one investor one account" restriction for PRC investors and allowed an individual to open up to 20 securities accounts with different PRC securities companies. Although such policy was revised from 20 securities accounts to three securities accounts in October 2016, the Group cannot assure prospective investors that such limitation will not be lifted in the future. The changes in the number of permissible securities accounts held by investors may lead to a decrease in the number of clients who use the Group's brokerage services and/or the volume of trades by such clients, which may pose a significant challenge for the Group in retaining existing clients and attracting new clients.

A significant decrease in the Group's AUM or management fee rate, or unsatisfactory investment performance, may materially and adversely affect the Group's asset management business.

The Group receives asset management fees based on the size of each asset management scheme under its management. In addition, the Group may earn performance fees for certain asset management schemes. Investment performance affects the Group's AUM, and is one of the most important factors in attracting its clients and competing for new asset management business. Limited investment options and hedging strategies, as well as high market volatility in the PRC, could adversely affect the Group's ability to provide stable returns for its clients, which in turn could affect the Group's ability to retain them.

The Group's asset management fees or market share may decrease due to the increased competition from other securities companies, fund management companies, insurance companies, trust companies, commercial banks and other financial institutions in China. In addition, the introduction of Mainland-Hong Kong Mutual Recognition of Funds allowed approved fund products to be offered abroad, which in turn may increase competition. Market volatility, adverse economic conditions, or the Group's failure to outperform its competitors or the market in terms of investments returns, may reduce the Group's AUM or affect the performance of the assets or funds it manages, which could adversely affect the amount of management or performance fees the Group receives.

The Group may fail to realise returns from its principal investments, or lose part or all of the Group's investments.

The Group's principal investment business generally involves investments in private companies and in private equity funds with the Group's own funds. The Group and its private equity funds aim to earn returns from dividends paid by portfolio companies and the listing or the disposal of portfolio companies. The Group may fail to identify fraudulent, inaccurate or misleading information about a target company in the course of its due diligence, which may cause the Group to make unsound investment decisions or overvalue the target company. Material and adverse changes in the target company's industry, business and financial condition after the completion of the investment could negatively affect the Group's investment return. Market volatility may also materially and adversely affect the equity investments made by the Group's private equity funds.

The Group's portfolio companies may take longer than expected to become suitable for a listing or sale. Failure to list or sell the Group's portfolio companies for any reason may adversely affect the value of the Group's investment. If the Group cannot exit its private equity investments in the anticipated period or at acceptable prices, the Group will not be able to achieve its expected investment returns.

The Group and its private equity funds have limited control over their portfolio companies. Those companies may make business, financial or management decisions with which the Group does not agree, which may subject the Group to further risks. Furthermore, the Group's portfolio companies may fail to abide by their agreements with the Group, for which the Group has limited or no recourse. Any of the foregoing incidents could significantly reduce the value of the Group's investments and adversely affect the Group's financial condition and results of operations.

The business of the Group is subject to concentration risks due to significant holdings of financial assets or significant capital commitments.

Some of the Group's business lines are capital-intensive, such as its investment banking, proprietary trading, principal investment, margin financing and securities lending, which may result in the Group having significant holdings of selected asset classes or bank and other borrowings. Such capital commitments expose the Group to concentration risks, including market risk, in the case of its holdings of concentrated or illiquid positions in a particular asset class as part of its proprietary trading and principal investment activities, and credit risk, in the case of its margin financing and securities lending businesses. Any decline in the value of the asset holdings of the Group may reduce its income or result in losses.

The Group may suffer significant losses from credit exposures from its clients and counterparties.

The Group's bonds investment business, margin financing and securities lending business, stock-pledged financing transaction business and OTC derivatives business are subject to the risk that a client or counterparty may fail to perform its payment or other obligations or that the value of any collateral held by the Group to secure the obligations might become inadequate. Any material non-payment or non-performance by a client or counterparty could adversely affect the Group's financial condition, results of operations and cash flows.

In addition, the Group has exposure to credit risk associated with its financial assets. These investments may also be subject to price fluctuations as a result of changes in the financial market's assessment of the issuer's creditworthiness, delinquency and default rates and other factors, which could adversely affect the financial condition and results of operations of the Group.

The Group's failure to identify and disclose the risks inherent in the financial products it distributes may have an adverse effect on the Group's reputation, client relationships, business and prospects.

In addition to the Group's own financial products, the Group also distributes financial products developed by third-party financial institutions, such as fund management companies, trust companies and commercial banks. These financial products, such as trust schemes and structured products, may have complex structures and involve various risks, including credit, interest, liquidity and other risks. The Group's risk management policies and procedures may not be fully effective in identifying the risks inherent in these financial products, and the Group's sales employees may fail to fully disclose such risks to the Group's customers. These factors may cause the Group's clients to suffer significant losses as a result of their investment in financial products that are too risky for their risk tolerance and investment preferences. This may subject the Group to regulatory measures and fines, client complaints and litigations, which in turn could harm the Group's reputation, client relationships, business and prospects.

The expansion of the Group's international business may not produce the intended results.

The Group conducts brokerage, corporate finance, asset management, loans and financing as well as financial products, market-making and investments in Hong Kong, primarily through Guotai Junan International. The Group has also built an international business platform around Guotai Junan Financial Holdings and has expanded its business presence to the United States, Europe and South-east Asia. According to the Group's business strategies, the Group expects to further expand its international business, which may expose the Group to additional risks, including:

(i) difficulties in managing international operations, including complying with various regulatory and legal requirements of different jurisdictions, and obtaining approvals and necessary licences;

(ii) challenges in providing products, services and support, in recruiting in these overseas markets, and in managing the sales channels and overseas distribution networks effectively;

(iii) differences in accounting treatment in different jurisdictions, potential adverse tax implications and foreign exchange losses;

(iv) inability to effectively enforce contractual or legal rights; and

(v) changes in laws, regulations and policies as well as political, economic and market instability or civil unrest in the relevant jurisdictions.

If the Group is unable to effectively manage these risks, the Group's ability to expand its international business will be impaired, which could have a material and adverse effect on the Group's business, financial condition and results of operations.

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

The Group is committed to expanding its product and service offerings. New products and services may expose the Group to stricter regulatory scrutiny as well as additional licence and approval requirements. The Group's clients or potential clients may not be receptive to the Group's new product and service offerings. In addition, the Group may have insufficient resources to handle the additional challenges brought by the new products and services in relation to (i) experience or expertise, (ii) qualified personnel, (iii) funding and (iv) risk management capabilities.

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

The Group's business may be affected by an outbreak, or threatened outbreak, of natural disasters, epidemics and other force majeure events, including COVID-19, which may in turn significantly reduce demand for the Group's services and have an adverse effect on its financial condition and results of operations.

The Group's business may be affected by natural disasters, epidemics and other force majeure events which are beyond the Group's control. Outbreaks of earthquakes, sandstorms, snowstorms, fire, drought, or epidemics such as Middle East Respiratory Syndrome (MERS), Ebola Fever, H7N9 or COVID-19, can have a material adverse impact on the economic and social condition in the affected regions. Any adverse impact on the economic and social conditions in the PRC may have a material adverse effect on the Group's business, financial condition and results of operations.

In early 2020, COVID-19, a highly infectious virus, spread throughout the globe, resulting in numerous deaths around the world. The World Health Organization announced in March 2020 that COVID-19 had developed into a pandemic. The virus is constantly mutating and such mutation may result in new variants of the virus which are more infectious or harmful. The PRC government had taken a number of measures in the past to contain the spread of COVID-19, such as imposing quarantine, travel restrictions and other work-related measures. Whilst the overall impact of the COVID-19 pandemic on the Group's financial position and financial performance has been limited thus far, the extent to which the COVID-19 pandemic may further impact the Group's results of operations in the future will depend on future developments, which are highly uncertain and cannot be predicted.

In addition, some of the Group's contracts may have force majeure provisions that permit its counterparties to suspend, terminate or otherwise not perform their obligations under the relevant contracts upon the occurrence of certain events, such as strikes and other industrial or labour disturbances, terrorism, restraints of government, civil protests or disturbances, international conflicts and tensions, military and other actions, heightened security measures in response to these threats, or any natural disasters, all of which are beyond the control of the party asserting such force majeure event. If one or more of the Group's counterparties do not fulfil their contractual obligations for any extended period of time due to a force majeure event or otherwise, the Group's results of operations and financial condition could be materially and adversely affected.

The Group's business might be affected by the operational failure of its employees.

The Group faces the risk of the operational failure of its employees, which mainly includes accidents or errors that take place in the course of the day-to-day operation of proprietary trading, securities-backed financing, retail brokerage, margin financing and securities lending, wealth management and asset management businesses. Although the Group has implemented internal control measures, including strengthened transaction review and enhanced standard operation training to prevent against the risk of employee operational failure, the Group may not be able to completely avoid the occurrence of, or timely detect, any operational failure. Any future operational failure of employees or any termination of employment relationships in relation to operational failure could adversely affect the Group's business and reputation, as well as the Group's ability to execute transactions, service the Group's clients and manage the Group's exposure to various risks.

The Group's risk management policies as well as internal control systems and procedures may not fully protect the Group against its risk exposure.

The Group has established risk management policies as well as internal control systems and procedures to manage risk exposure. Such policies, systems and procedures may not cover all the risks that the Group is exposed to. In addition, any deficiency in the Group's policies, systems and procedures may adversely affect the Group's ability to accurately and timely record, process, summarise and report financial and other data or identify any non-compliance with laws and regulations.

Some aspects of such policies, systems and procedures may require continuous monitoring, maintenance and improvement by the Group's senior management and staff. Despite the Group's efforts to implement risk management policies and internal control systems, the Group may not be able to fully prevent or timely identify the occurrence of any non-compliance incident. The Group's businesses and prospects could be adversely affected if its efforts to apply, maintain and improve these policies, systems and procedures are ineffective or inadequate.

The Group's business may be materially and adversely affected if the Group is unable to retain or hire management team members and professional personnel.

The Group needs to ensure the continuity of its management team as well as attract and retain professional personnel who possess in-depth knowledge and understanding of the securities and financial markets. If the Group loses any of its management team members or fails to attract and retain professional personnel, the Group may not be able to execute its existing business strategies effectively or deliver excellent services to its clients. These professional personnel include experienced investment and trading managers, sponsor representatives, risk management officers, research analysts and IT specialists. However, the market for quality professionals is increasingly competitive, which may require the Group to offer more competitive compensation and other benefits. If the Group fails to attract or retain its management team members or professional personnel, the Group's business, reputation, financial condition and results of operations could be materially and adversely affected.

The Group relies on IT systems to deliver its services to the clients and form business decisions.

The Group's operations rely heavily on its IT systems to timely record and accurately process a large number of transactions across numerous markets and different business segments. A disruption to, failure of, or error in, the Group's information processing or communications systems may limit the Group's ability to timely and accurately process transactions. This would also impair the Group's ability to execute trades on behalf of clients and for the Group's own account, particularly in the Group's retail brokerage and prime brokerage businesses, which could materially and adversely affect its business, reputation, financial condition and results of operations.

The Group makes many important business decisions, including those relating to brokerage fee rates, branch locations, investment portfolios, marketing of investment or financing products and new product designs based on information collected and analysed by the Group's IT systems. Any error or flaw in the Group's IT systems may cause its business decisions to be made with inaccurate, incomplete or misleading information, which may have a material and adverse effect on the Group's business, financial condition and results of operations.

In addition, the securities industry is characterised by rapidly changing technology. Online securities trading platforms and other new channels, such as mobile devices, are becoming increasingly popular among its customers due to their convenience and user-friendliness. The Group relies heavily on technology, particularly the internet, to provide high-quality online services. However, the technology operations of the Group are vulnerable to disruptions from human error, natural disasters, power failure, computer viruses, spam attacks, unauthorised access and other similar events. Disruptions to, or instability of, technology of the Group or external technology that allows its customers to use its online products and services could harm its business and its reputation.

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

The Group faces the risk of operational failure or termination of any of the exchanges, depositaries, clearing agents or other financial intermediaries it uses to facilitate its securities transactions. Any future operational failure or termination of the particular financial intermediaries that the Group uses could adversely affect its ability to execute transactions, service its customers and manage its exposure to various risks.

In addition, as the Group's interconnectivity with its customers grows, its business also relies heavily on its customers' use of their own systems, such as personal computers, mobile devices and the Internet, and the Group will increasingly face the risk of operational failure in connection with its customers' systems.

A significant decrease in the Group's liquidity could adversely affect the Group's business and reduce client confidence in the Group.

Maintaining adequate liquidity is crucial to the Group's business operations as the Group continues to expand the Group's margin financing and securities lending, securities-backed financing, proprietary trading, investment banking and other business activities with substantial cash requirements. The Group meets its liquidity needs primarily through cash generated from operating activities and debt financing. Reduced liquidity could affect the Group's ability to develop its business, reduce the confidence of the Group's clients or counterparties in the Group, and result in a loss of business and customer accounts.

In addition, the CSRC and the SAC impose regulatory requirements on PRC securities companies' liquidity-related ratios. Failure to comply with these requirements may result in the CSRC and the SAC imposing penalties on the Group, or taking disciplinary actions against the Group, which could, in turn, have a material and adverse effect on the Group's financial condition and results of operations.

Factors that may adversely affect the Group's liquidity position include a significant increase in capital requirements for the Group's intermediary businesses, more stringent regulatory requirements for capital, substantial investments, loss of market or client confidence, and other regulatory changes. When cash generated from the Group's operating activities is not sufficient to meet the Group's liquidity or regulatory capital needs, the Group must seek external financing. When the conditions in the credit and capital markets are not favourable or there are changes in the regulatory environment, potential sources of external financing could be limited, and the Group's borrowing costs could increase and financing may not be available on terms acceptable to the Group, or at all.

If the Group pursues acquisitions or establishes joint ventures that present unforeseen integration difficulties or costs, the Group may not enhance its business as it expects.

The Group has in the past pursued acquisitions or established joint ventures, aimed at developing its expertise in specific areas and expanding the scope and scale of the Group's business. Acquisitions or the establishment of joint ventures involves a number of risks and presents financial, managerial and operational challenges. Such challenges include potential disruption to the Group's ongoing business and distraction of management, difficulties with integrating IT, financial and human resources systems, hiring additional management and other critical personnel and increased complexity arising from the scope and geographic diversity of the Group's business operations. The Group may not be able to realise any anticipated benefits or achieve the synergies the Group expects from these acquisitions or joint ventures. The Group's clients may react unfavourably to its strategies for acquisition or establishment of joint ventures, and the Group may incur additional liabilities due to acquisitions and the establishment of joint ventures.

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

As the Group continues to expand its business scope and client base, it is critical for the Group to be able to properly identify and address potential conflicts of interest, including situations where two or more interests within the Group's business legitimately exist but are in competition or conflict. Appropriately identifying and dealing with potential conflicts of interest is difficult. Any failure to manage conflicts of interest could harm the Group's reputation and erode client confidence in the Group. In addition, potential or perceived conflicts of interest may also give rise to litigation or regulatory measures. Any of the foregoing could adversely affect the Group's business, financial condition and results of operations.

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

Various laws, regulations and rules require the Group to protect the personal data and confidential information of its customers. The relevant authorities may issue sanctions or orders against the Group if it fails to protect the personal information of its customers, and it may have to provide compensation for economic loss arising from its failure to protect the personal information of its customers in accordance with relevant laws and regulations. Incidents of mishandling the personal information or failure to protect the confidential information of its customers could create a negative public or customer perception of its operations or its brand name, which may materially and adversely affect its reputation and prospects.

The use of "Guotai Junan" as a trade name by Guotai Junan IM may expose the Group to reputational risks if it takes actions that damage the "Guotai Junan" brand name.

"Guotai Junan" is one of the Group's registered trademarks in China. It is approved to be used for securities and bonds brokerage, stock exchange quotations, futures brokerage, capital investment, fund investment, financial information, issuance of securities, financial services, financial analysis and financial evaluation. Although Guotai Junan IM also uses "Guotai Junan" as part of its registered company name, it does not own any trademark rights in respect of "Guotai Junan".

The business scope of Guotai Junan IM includes asset management, enterprise investment and enterprise advisory, which significantly differs from the Group's main businesses where the Group uses the "Guotai Junan" trademark. However, given that Guotai Junan IM uses "Guotai Junan" in its company name for purposes of the same or similar services as the Group's businesses, it may create confusion among the relevant public, and may infringe the Group's exclusive trademark right. In addition, if Guotai Junan IM takes any action that damages the "Guotai Junan" brand name, or any material and adverse publicity is associated with Guotai Junan IM, the Group's reputation, business, growth prospects, results of operations and financial condition may be adversely affected.

RISKS RELATING TO LEGAL, COMPLIANCE AND REGULATORY MATTERS

The Group is subject to extensive and evolving regulatory requirements.

As a financial institution, the Group is subject to extensive regulatory requirements. Regulatory authorities regulate the Group's business activities by imposing capital requirements, determining the types of products and services the Group may offer, and limiting the types of securities the Group may invest in. They also conduct periodic inspections, examinations and inquiries with respect to the Group's compliance with relevant regulatory requirements. The regulatory requirements which the Group is subject to have also been modified in recent years. These recent modifications include the changes made to the Securities Law of the People's Republic of China (中華人民共和國證券法) in 2019 and the adoption of the Civil Code of the People's Republic of China (中華人民共和國民法典) on 1 January 2021, which impose more stringent requirements on the Group's operation. The PRC regulatory authorities have also in recent years increased the extent of their enforcement on PRC securities businesses, which has increased compliance risks in the Group's operation. Failure to comply with the applicable regulatory requirements could result in sanctions, fines and penalties, and limitations on the Group's business activities. Other disciplinary actions may include a downgrade of the Group's regulatory rating, which may cause the Group to be subject to a higher risk capital reserve ratio, a higher ratio for the Group's securities investor protection fund and difficulties in obtaining relevant permits or approvals for new businesses and products. For example, in January 2024, the CSRC took administrative supervision measures and issued warning letters to the Guarantor as the Guarantor failed to perform its duties in the entrusted management process as the trustee of the corporate bonds of Tahoe Group Co., Ltd., and failed to supervise the issuer to disclose the relevant information in a truthful, accurate, complete and timely manner. Further, the Group's operations are extensively regulated by PRC laws and regulations at various levels, which may require approvals, licences or certificates from a number of governmental authorities. For example, as at 31 December 2023, the Group has not yet obtained the relevant building certificates for buildings with costs of RMB78.415 million. Absence of such titles may affect the Group's right to use and operate such properties.

Moreover, relevant rules and regulations could be revised from time to time based on the development of the securities markets. New rules and regulations, and changes in the interpretation or enforcement of existing rules and regulations, may directly impact the Group's business strategies and prospects. In addition, changes in the rules and regulations could result in limitations on the Group's business scope, changes to the Group's business practices or additional costs or taxes, which may adversely affect the Group's ability to compete effectively with other institutions that are not affected in the same way.

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

The Group faces litigation and regulatory risks, including the risk of lawsuits and other legal actions relating to sales or underwriting practices, trademarks, product design, fraud and misconduct, as well as protection of personal and confidential information of the Group's customers. As at 31 December 2023, the contingent liabilities due to pending litigations amounted to RMB172,263 thousand. The Group may also be subject to inquiries, inspections, investigations and proceedings by regulatory and other governmental agencies. The Group or the Group's employees have, from time to time, been involved in incidents of regulatory non-compliance and received notices, warnings and regulatory measures suspending certain business for a limited period of time, or been fined by the relevant regulatory authorities. Some of these non-compliance incidents may lead to the deduction of the Group's regulatory points.

Litigation, arbitration, regulatory investigations and other proceedings brought against the Group, the Group's directors, management or employees may result in settlements, injunctions, fines, penalties or other results adverse to the Group, including damage to the Group's reputation and disruption to the Group's business. Any of these results may have a material and adverse effect on the Group's business, financial condition, results of operations and prospects. Even if the Group is successful in defending itself against these actions, the costs of such defence may be significant.

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

The Group is exposed to fraud or other misconduct committed by its employees, agents, customers or other third parties that could subject the Group to financial losses and regulatory sanctions, and adversely affect the Group's reputation.

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

The Group may fail to detect money laundering and other illegal or improper activities in the Group's business operations on a timely basis.

The Group is required to comply with applicable anti-money laundering and anti-terrorism laws and regulations in the jurisdictions where the Group operates. These laws and regulations require the Group to establish sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting obligations. The Group is also required to perform "Know Your Client" procedures and to monitor transactions for suspicious activity. In addition, the United States currently imposes various economic sanctions, including the sanctions administered by the U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**") and which apply only to U.S. persons and, in certain cases, to foreign subsidiaries of U.S. persons or to transactions involving certain goods of United States origin. Similar sanctions are administered by the European Union, United Kingdom, United Nations Security Council and other applicable jurisdictions. These sanctions are intended to address a variety of policy concerns, including among other things, denying certain countries, and certain individuals and entities, the ability to support international terrorism and to pursue weapons of mass destruction and missile programmes.

Although the Group has adopted relevant policies and procedures, they may not be comprehensive and completely eliminate instances in which the Group may be used by other parties to engage in money laundering, sanctioned activities and other illegal or improper activities. For example, the Group is aware that a small number of its existing clients are subject to existing economic sanctions imposed by OFAC and the United States, however, the Group has assessed that its dealings with these clients do not violate relevant sanctions programmes. The Group has policies and controls to comply with relevant sanction programmes, and believes it is in compliance with the economic sanctions that are applicable to the Group's activities. If the Group is in the future determined to have engaged in any prohibited transactions or had otherwise violated applicable sanctions regulations, the Group could be subject to penalties and its ability to conduct future business in the relevant jurisdictions may be affected. In the past, certain on-site inspections conducted by the regulators have also revealed that the Group had insufficient internal monitoring in certain aspects of the anti-money laundering internal control system and inadequate anti-money laundering training at certain branches. In the event that the Group fails to fully comply with applicable laws and regulations, the relevant government agencies may freeze the Group's assets or impose fines or other penalties on the Group.

There can be no assurance that there will not be failures in detecting money laundering or other illegal or improper activities which may materially and adversely affect the Group's business reputation, financial condition and results of operations.

The Group's substantial amounts of deferred tax assets and financial assets are subject to the uncertainties of accounting estimates.

In the application of the Group's accounting policies, the Group's management is required to make judgements, estimates and assumptions about the carrying amounts of certain assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Therefore, actual results may differ from these accounting estimates. The Group believes that the substantial amounts of its deferred tax assets and financial assets are subject to the uncertainties of accounting estimates and therefore warrant particular attention.

The Group's deferred tax assets were RMB1,845.5 million, RMB2,457.2 million and RMB2,457.5 million, as at 31 December 2021, 2022 and 2023, respectively. Based on the Group's accounting policies, deferred tax assets are recognised where there are timing differences between the carrying amount of assets for financial reporting purpose and the amounts used for taxation purposes. The realisation of a deferred tax asset mainly depends on the Group's management's judgement as to whether sufficient profits or taxable temporary differences will be available in the future. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered. If sufficient profits or taxable temporary differences are not expected to be generated, the Group's deferred tax assets would be impaired.

For financial reporting purposes, the Group categorises fair value measurements of financial assets and liabilities into level 1, level 2 or level 3, based on the degree to which the inputs to the fair value measurement are observable and the significance of the inputs to the fair value measurement. As at 31 December 2021, 2022 and 2023, the Group had RMB286.6 billion, RMB310.6 billion and RMB358.2 billion of level 2 financial assets, respectively. Compared to level 1 financial assets, level 2 financial assets are not quoted in an active market, and the Group uses valuation techniques to estimate the fair value of these assets. When estimating fair value using these valuation techniques, the Group considers observable inputs and market data, such as the yield curve of interest rate products and foreign exchange rates, among other things. Changes in these factors will affect the estimated fair value of the Group's level 2 financial assets and therefore these assets will face uncertainty in accounting estimation. As at 31 December 2021, 2022 and 2023, the Group had RMB13.6 billion, RMB16.0 billion and RMB15.5 billion of level 3 financial assets, respectively, the scale of which is much smaller than level 2 financial assets.

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

The Group's international business are subject to various applicable laws, regulations and codes of relevant regulatory authorities, in particular, the relevant regulatory authorities in Hong Kong. From time to time, the Hong Kong regulatory regime for the financial services industry (for example, the Securities and Futures Ordinance (Cap. 571) of Hong Kong and the Money Lenders Ordinance (Cap. 163) of Hong Kong) has implemented changes in such rules and regulations, some of which have resulted in additional costs to or restrictions on the Group's international business activities. If the Group fails to comply with the applicable rules and regulations, it may become subject to enquiries and/or investigations by the relevant regulatory bodies and if the results of any investigations or enquiries are severe or proved to involve serious misconduct, the Group may be subject to penalties including fines and/or restrictions on its international business activities. In extreme cases, it may be hampered or prevented from conducting its international business in a normal manner and some or all of its operation licences may become suspended or revoked. Where penalties are substantial or protracted litigation is involved, there may also be an adverse impact on the Group's reputation and financial position, and in some cases, there may be material and adverse impact on its business, financial condition, results of operations and prospects.

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

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 may in the future include members of the Group operating in Hong Kong (an "**FIRO Group Entity**"), such as Guotai Junan International. 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 may have the ability to resolve other entities within the Group as if they were themselves a within-scope financial institutions for the purposes of FIRO, and take certain actions and make certain directions in relation to such entities. Any such actions could potentially affect contractual and property rights relating to the relevant entity. The implementation of FIRO remains untested and certain details relating to FIRO will be set out through secondary legislation and supporting rules. Therefore, the Group is unable to assess the full impact of FIRO on the financial system generally, the Group's counterparties, the Group, any of its consolidated subsidiaries, the Group's operations and/or its financial position.

RISKS RELATING TO THE PRC

The PRC Government and the Shanghai municipal government have no legal obligations under the Notes.

The PRC Government (including the Shanghai municipal government) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Notes in lieu of the Issuer or the Guarantor. Noteholders shall have no recourse to the PRC Government (including the Shanghai municipal government) in respect of any obligation arising out of or in connection with the Notes in lieu of the Issuer. This position has been reinforced by the Notice on the Financing Activities by Financial Institutions for Local Governments and State-owned Enterprises (Cai Jin [2018] No. 23) (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知(財金[2018]23號)) published by the MOF in March 2018, the Notice on Improving the Market-based Regulatory Regime and Preventing Risks Relating to Foreign Debt Risks and Local Government Debt (Fa Gai Wai Zi [2018] No. 706) (關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知(發改外資[2018]706號)) jointly published by the NDRC and the MOF in May 2018, and the Circular on Filing Requirements with respect to Application for Foreign Debt Issuance by Local State-owned Enterprises (Fa Gai Ban Wai Zi [2019] No. 666) (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知(發改辦外資[2019]666號)) issued by the General Office of the NDRC in June 2019.

Any ownership or control by the PRC government does not necessarily correlate to, or provide any assurance as to, the financial condition of the Issuer, the Guarantor or the Group. The Shanghai SASAC, as a PRC governmental authority and the ultimate controlling shareholder of the Issuer and the Guarantor, only has limited liability in the form of its equity contribution in the Issuer and the Guarantor. As such, the PRC Government (including the Shanghai SASAC) has no payment obligations under the Notes. The Notes are solely to be repaid by the Issuer and/or the Guarantor (as the case may be) as an obligor under the relevant transaction documents and as an independent legal person.

Investors should base their investment decision on the financial condition of the Issuer, the Guarantor and the Group and any perceived credit risk associated with an investment in the Notes based on the Group's own financial information reflected in its financial statements.

China has experienced a slowdown in its economic development, and the future performance of China's economy is uncertain.

The economy of China experienced rapid growth in the past 30 years. However, there has been a decrease in China's GDP growth rate since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of China may not be sustainable. According to the National Bureau of Statistics of the PRC, the annual growth rate of China's GDP decreased from 7.3 per cent. in 2014 to 6.1 per cent. in 2019. In May 2017, Moody's changed China's long-term sovereign credit rating and foreign currency issuer ratings to "A1" from "Aa3". In September 2017, S&P Global Ratings also downgraded China's long-term sovereign credit rating to "A+" from "AA-", citing increasing economic and financial risks from a prolonged period of strong credit growth. In April 2024, Fitch Ratings has revised the outlook on China's long-term foreign-currency issuer default rating to "negative" from "stable", citing increasing risks to China's public finance outlook. Further indication of the slowdown in the growth of China's economy is evidenced by press reports of a recent increase in bond defaults by PRC corporate issuers. In 2020, the annual growth rate of China's GDP dropped to 2.3 per cent., as a result of the outbreak of the COVID-19 pandemic and large-scale quarantine and shutdown measures implemented by the PRC government. While the PRC economy gained strength in 2021 with a GDP growth rate of 8.1 per cent., it slowed down to 3.0 per cent. in 2022 and 5.2 per cent. in 2023.

The future performance of China's economy is not only affected by the economic and monetary policies of the PRC government, but it is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world, such as the United States and the European Union. The United Kingdom withdrew from the European Union (the "**EU**") on 31 January 2020 ("**Brexit**"). With Brexit taking full effect, there remains uncertainty about the future relationship between the United Kingdom and the EU. It is unclear how Brexit will ultimately affect the fiscal, monetary and regulatory landscape within the United Kingdom, the EU and the rest of the world. Furthermore, the Russo-Ukrainian conflict has led to significant volatility in the global markets. The extent and duration of such conflict, resulting sanctions and future market disruptions are impossible to predict, but could be significant and may have a severe adverse effect on the region, including a significant negative impact on the economy and the markets for certain securities and commodities, such as oil and natural gas, and on global economies. The outlook for the world economy and financial markets remains uncertain. Any volatility in the global markets and negative economic developments could, in turn, materially adversely affect the Group's business, prospects, financial condition or results of operations. In addition, this could adversely affect the Group's access to the debt capital markets and may increase funding costs, having a negative impact on the Group's revenue and financial conditions.

Furthermore, the rising trade tensions between the United States, the PRC and other major nations create uncertainties in the world economy and global financial market. Starting in April 2018, the United States imposed tariffs on various categories of imports from China, and the PRC responded with similarly sized tariffs on the United States' products. In January 2020, the United States and China entered into "phase one" of an economic and trade agreement as an initial step towards resolving the trade war disputes between them. The effect of such an agreement remains elusive, and the lasting impacts any trade war may have on China's economies remain uncertain.

Changes in the economic, political and social conditions in the PRC and government policies adopted by the PRC Government could affect the Group's business and prospects.

The economy of the PRC differs from the economies of most developed countries in many respects, including, with respect to government involvement, level of development, economic growth rate, control of foreign exchange and allocation of resources. The economy of the PRC has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC Government has implemented a series of measures emphasising market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises.

However, a large portion of productive assets in the PRC remain owned by the PRC Government. The PRC Government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, and there can be no assurance that the PRC Government will continue to pursue its economic reforms or that any such reforms will not have an adverse effect on the Group's business.

The Group's operations and financial results could also be affected by changes in political, economic and social conditions or the relevant policies of the PRC Government, such as changes in laws and regulations (or the interpretation thereof). In addition, the growth of development in the economic and technology development zones and infrastructure construction demand in the PRC depends heavily on economic growth. If the PRC's economic growth slows down or if the economy of the PRC experiences a recession, the growth of development in Chinese economic and technology development zones and infrastructure construction demand may also slow down, and the Group's business prospects may be materially and adversely affected. The Group's operations and financial results, as well as its ability to satisfy its obligations under the Notes, could also be materially and adversely affected by changes to, or the introduction of, measures to control changes in the rate or method of taxation and the imposition of additional restrictions on currency conversion.

Uncertainty with respect to the PRC legal system could affect the Group.

The Group's core business is conducted in the PRC and most of its operating entities are located in the PRC, hence its business operations are regulated primarily by PRC laws and regulations. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, past court judgments in the PRC have limited precedential value and may be cited only for reference. Furthermore, PRC written statutes often require detailed interpretations by courts and enforcement bodies for their application and enforcement. Since 1979, the PRC Government has been committed to developing and refining its legal system and has achieved significant progress in the development of its laws and regulations governing business and commercial matters, such as in foreign investment, company organisation and management, commercial transactions, tax and trade. However, the recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC. In particular, as these laws and regulations are still evolving, in view of how the PRC's financial industry is still developing, and because of the limited number and non-binding nature of published cases, there exist uncertainties about their interpretation and enforcement, and such uncertainties may have a negative impact on the Group's business.

In addition, the PRC legal system is based, in part, on government policies and internal rules (some of which are not published on a timely basis, or at all) that may have a retroactive effect. As a result, the Group may not be aware of the Group's violation of these policies and rules until sometime after the violation. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management's attention.

Furthermore, the administration of PRC laws and regulations may be subject to a certain degree of discretion by the executive authorities. This has resulted in the outcome of dispute resolutions not being as consistent or predictable compared to other more developed jurisdictions. In addition, it may be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of judgments by a court of another jurisdiction. These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group in its operations and to Noteholders.

As a result of these uncertainties with respect to the PRC legal system, the Group may be subject to uncertainties in its operations. These uncertainties can also affect the legal remedies and protections available to investors, and can adversely affect the value of their investment.

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

The Guarantor and a number of the Guarantor's subsidiaries are incorporated in the PRC. A substantial portion of the Guarantor's assets are located in the PRC. In addition, most of the Guarantor's directors, supervisors and executive officers reside within the PRC and the assets of the Group's directors and officers may be located within the PRC. As a result, it may not be possible to effect service of process outside the PRC upon most of the Guarantor's directors, supervisors and senior management, including for matters arising under applicable securities law. A judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. However, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with many countries, including Japan, the United States and the United Kingdom. Therefore, it may be difficult for investors to enforce any judgments obtained from foreign courts against the Guarantor, the Issuer, any of their respective directors, supervisors or senior management in the PRC.

On 14 July 2006, the Supreme People's Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of the Mainland and the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "**2006 Arrangement**"). Under the 2006 Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case pursuant to a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. Under the 2006 Arrangement, a choice of court agreement in writing refers to an agreement in writing entered into between parties after the effective date of the 2006 Arrangement in which a Hong Kong court or a PRC court is expressly selected as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute have not agreed to enter into a choice of court agreement in writing.

On 18 January 2019, the Supreme Court of the People's Republic of China and the Department of Justice under the Government of the Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (the "**2019 Arrangement**"). The 2019 Arrangement, for the reciprocal recognition and enforcement of judgments in civil and commercial matters between the courts in mainland China and those in the Hong Kong Special Administrative Region, stipulates the scope and particulars of judgments, the procedures and ways of the application for recognition or enforcement, the review of the jurisdiction of the court that issued the original judgment, the circumstances where the recognition and enforcement of a judgment shall be refused, and the approaches towards remedies, among others. The 2019 Arrangement came into effect in January 2024 and is applicable to civil and commercial judgments given by the courts of mainland China and Hong Kong on or after 29 January 2024. The 2006 Arrangement shall be terminated on the same day when the 2019 Arrangement comes into effect. If a "written choice of court agreement" has been signed by parties according to the 2006 Arrangement prior to the effective date of the 2019 Arrangement, the 2006 Arrangement shall still apply. The 2019 Arrangement extends the scope of judicial assistance, however, there is still no certainty that a PRC court will enforce a judgment by a Hong Kong court or that parties will not have to relitigate the merits of the case before a PRC court. Therefore, it may be difficult for investors to enforce any judgments obtained from foreign courts against the Issuer, the Guarantor, or their respective directors, supervisors or members of their respective senior management in the PRC.

There can be no assurance of the accuracy or comparability of facts and statistics contained in this Offering Circular with respect to the PRC, its economy or the relevant industry.

Facts, forecasts and other statistics in this Offering Circular relating to the PRC, its economy or the relevant industry in which the Group operates have been, directly or indirectly, derived from official government publications and certain other public industry sources and although the Group believes such facts and statistics are accurate and reliable, it cannot guarantee the quality or the reliability of such source materials. They have not been prepared or independently verified by the Issuer, the Guarantor, the Trustee, the Agents or any of its or their respective affiliates, employees, directors, agents, advisers or representatives or any person who controls any of them and, therefore, none of the Issuer, the Guarantor, the Trustee, the Agents or any of its or their respective affiliates, directors, officers, employees, representatives or, agents or any person who controls any of them makes any representation as to the completeness, accuracy or fairness of such facts or other statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be incomplete, inaccurate or unfair or may not be comparable to statistics produced for other economies or the same or similar industries in other countries and should not be unduly relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, Investors should give consideration as to how much weight or importance they should attach to or place on such facts or other statistics.

Government control of currency conversion may adversely affect the value of Noteholders' investments.

Most of the Group's revenue is denominated in Renminbi, which is also its reporting currency. Renminbi is not a freely convertible currency. A portion of the Group's cash may be required to be converted into other currencies, particularly U.S. dollars, in order to meet its foreign currency needs, including cash payments on declared dividends, if any, on its Notes. Currently, the Renminbi still cannot be freely exchanged into any foreign currencies, and exchange and remittance of foreign currencies are subject to PRC foreign exchange regulations. It cannot be guaranteed that, under a certain exchange rate, the Group will have sufficient foreign currencies to meet the Group's demand for foreign currencies. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by the Group do not require prior approval from SAFE, but the Group is required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licences to carry out foreign exchange business. Parts of the foreign exchange transactions under the capital account conducted by the Group, however, must be approved in advance by SAFE. If the Group fails to obtain such approval from SAFE to exchange Renminbi into any foreign currencies, the Group's capital expenditure plans, and even the Group's business, operating results and financial condition, may be materially and adversely affected.

The payment of dividends by the Guarantor's operating subsidiaries in the PRC is subject to restrictions under PRC laws.

PRC laws require that dividends be paid only out of net profit, calculated according to PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions. In addition, PRC law requires enterprises to set aside part of their net profit as statutory reserves before distributing the net profit for the current financial year. These statutory reserves are not available for distribution as cash dividends. Since the availability of funds to fund the Guarantor's operations and to service its indebtedness depends upon dividends received from these subsidiaries, any legal restrictions on the availability and usage of dividend payments from the Guarantor's subsidiaries may affect the Guarantor's ability to fund its operations and to service its indebtedness.

RISKS RELATING TO THE NOTES AND THE GUARANTEE

The Notes and the Guarantee are unsecured obligations.

As the obligations under the Notes and the obligations under the Guarantee are unsecured obligations of the Issuer and the Guarantor, respectively, the repayment of the Notes and, in case of non-payment, the payment under the Guarantee may be compromised if:

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

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

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

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

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

- 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;

- 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;

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

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

A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

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

The Guarantor's payment obligations are structurally subordinated to liabilities, contingent liabilities and obligations of the Guarantor's subsidiaries.

The Guarantor owns assets and conducts its business operations through its subsidiaries. The Notes will not be guaranteed by any current or future subsidiaries. The Guarantor's primary assets are ownership interests in, and its loans to, its subsidiaries. Accordingly, the Guarantor's ability to make payments under the Notes will depend upon the receipt of principal and interest payments on the intercompany loans and distributions of dividends from the Guarantor's subsidiaries.

Creditors, including trade creditors of the Guarantor's subsidiaries and any holders of the preferred shares in such entities, may have a claim on the Guarantor's subsidiaries' assets that would be prior to the claims of the holders of the Notes. As a result, the Guarantor's payment obligations under the Guarantee will be effectively subordinated to all existing and future obligations of the Guarantor's subsidiaries, and all claims of creditors of the Guarantor's subsidiaries will have priority as to the assets of such entities over the Guarantor's claims and those of the Guarantor's creditors, including holders of the Notes.

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

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

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

The Terms and Conditions of the Notes provide that the Trustee may, without the consent of Noteholders, agree to any modification (except as mentioned in the Trust Deed) of the Trust Deed, the Agency Agreement, the Deed of Guarantee and/or the Terms and Conditions of the Notes, which in the opinion of the Trustee, will not be materially prejudicial to the interests of the Noteholders and to any modification of the Trust Deed, the Agency Agreement, the Deed of Guarantee and/or the Terms and Conditions of the Notes which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of applicable law.

In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or actual breach of, or any failure to comply with, any of the provisions of the Notes, the Trust Deed, the Agency Agreement, the Deed of Guarantee and/or the Terms and Conditions of the Notes (other than a proposed breach, or a breach relating to the subject of certain reserved matters) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

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

In certain circumstances (including, without limitation, giving notice to the Issuer and the Guarantor pursuant to Condition 9 (*Events of Default*) of the Terms and Conditions of the Notes and taking action and/or steps and/or instituting proceedings pursuant to Condition 14 (*Enforcement*) of the Terms and Conditions of the Notes), the Trustee may (at its sole discretion) request Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes actions and/or steps and/or institutes proceedings on behalf of the Noteholders. The Trustee shall not be obliged to take any such actions and/or steps and/or to institute any such proceedings if not first indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions and/or steps can be taken and/or such proceedings can be instituted. The Trustee may not be able to take actions and/or steps and/or to institute proceedings, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed constituting the Notes and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable laws and regulations, it will be for the Noteholders to take such actions and/or steps and/or to institute such proceedings directly.

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

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

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

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

A change in English law which governs the Notes may adversely affect Noteholders.

The Terms and Conditions of the Notes are governed by English law. 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 Notes.

The Issuer may be unable to redeem the Notes upon the due date for redemption thereof.

The Notes will be redeemed at their principal amount upon their maturity, or following the occurrence of an event triggering the Noteholders' right to require the Issuer to redeem all, but not some only, of such Noteholder's Notes. In such circumstances, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes in any of such circumstances may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem tendered Notes could constitute an event of default under the Notes, which may also constitute a default under the terms of the Issuer's other indebtedness.

The Notes may be redeemed by the Issuer prior to maturity.

The Issuer may redeem the Notes at its option, in whole but not in part, at a redemption price equal to an Early Redemption Amount (as described in Condition 6(b) of the Terms and Conditions of the Notes), together with interest accrued up to but excluding the date fixed for redemption if, subject to certain conditions, as a result of a change in tax law, the Issuer (or if the Guarantee were called, the Guarantor) has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions of the Notes), as further described in Condition 6(c) (*Redemption for Taxation Reasons*) of the Terms and Conditions of the Notes.

If the Issuer redeems the Notes prior to their Maturity Date, investors may not receive the same economic benefits they would have received had they held the Notes to maturity, and they may not be able to reinvest the proceeds they receive in a redemption in similar securities. In addition, the Issuer's ability to redeem the Notes may reduce the market price of the Notes.

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

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At such times, an investor generally would 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.

The Notes are redeemable in the event of certain withholding taxes being applicable.

No assurances are made by the Issuer or the Guarantor as to whether or not payments on the Notes may be made without withholding taxes or deductions applying from the date on which agreement is reached to issue the first Tranche of Notes for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or the PRC or any subdivision or authority therein or thereof having power to tax. Although, pursuant to the Terms and Conditions of the Notes, the Issuer and the Guarantor are required to gross up payments on account of any such withholding taxes or deductions, the Issuer also has the right to redeem the Notes at any time in the event it, or the Guarantor, as the case may be, has or will become obliged to pay additional amounts on account of any existing or future withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or the PRC (only where such tax or withholding is in excess of the rate applicable on the date on which agreement is reached to issue the first Tranche of the Notes) or any political subdivision or any authority therein or thereof having power to tax as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC or any political subdivision or any authority therein or thereof having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes.

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

According to Order 56 issued by the NDRC which came into effect on 10 February 2023, PRC enterprises and their overseas controlled entities shall procure the registration of any debt securities with a maturity of more than one year or medium- to long-term loans issued or incurred outside the PRC with the NDRC prior to the issue of the securities or drawings under the loans, and notify the particulars of the relevant issues or drawings within 10 working days after the date of issuance or drawing. Thus, the Guarantor shall make the registration of the Notes to be issued prior to the issue date of the relevant tranche of Notes (the "**NDRC Pre-Issue Registration**") and file the requisite information relating to the issue of the Notes with the NDRC within the prescribed timeframe after the relevant issue date (the "**NDRC Post-Issuance Filing**"). In the worst-case scenario, failure to complete the NDRC Pre-Issue Registration or the NDRC Post-Issuance Filing may result in it being unlawful for the Guarantor or the Issuer to perform or comply with any of its obligations under the Notes. Potential investors of the Notes are advised to exercise due caution when making their investment decisions.

The Guarantor will undertake under the Terms and Conditions of the Notes to perform the issuance registration and filing as required by laws and regulations as applicable to it from time to time. A failure to complete any applicable registration and filing procedure will not only constitute a breach of the relevant laws and regulations (which may carry administrative penalties), but will also constitute an event of default pursuant to which the Notes could be accelerated.

If the Guarantor fails to submit the relevant Deed of Guarantee for registration with SAFE or complete such registration with SAFE within the time period prescribed by SAFE, there may be logistical hurdles for cross-border payment under the Guarantee.

If the Guarantor fails to submit the relevant Deed of Guarantee for registration with SAFE or complete such registration with SAFE within the time period prescribed by SAFE, there may be logistical hurdles for cross-border payment under the Guarantee. The Guarantor will enter into a Deed of Guarantee in respect of each Tranche of Notes issued under the Programme. Pursuant to such Deed of Guarantee, the Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under such Tranche of Notes and the Trust Deed. The Guarantor is required to submit for registration the relevant Deed of Guarantee and other documents to the relevant branch of SAFE for registration in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定(匯發[2014]29號)) within the prescribed timeframe after the execution of such Deed of Guarantee. Although the non-registration does not render the Guarantee ineffective or invalid under PRC law, SAFE may impose penalties on the Guarantor. The Guarantor undertakes to complete the registration of the relevant Deed of Guarantee on or before the Registration Deadline (as defined in the Terms and Conditions of the Notes).

Following the occurrence of a No-Registration Event (as defined in the Terms and Conditions of the Notes), the holder of any Notes of the relevant Tranche will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Notes on the Put Settlement Date at 100 per cent. of their principal amount, together with accrued interest up to but excluding such Put Settlement Date.

The administration of the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定(匯發[2014]29號)) may be subject to a certain degree of executive and policy discretion by SAFE. There is no assurance that the registration of the relevant Deed of Guarantee with SAFE can be completed by the Guarantor or that future changes in PRC laws and regulations will not have a negative impact on the validity and enforceability of the relevant Deed of Guarantee in the PRC.

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

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

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

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

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

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

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

The Issuer may be treated as a PRC resident enterprise for PRC tax purposes which may subject the Issuer to PRC income taxes on its worldwide income and interest payable by the Issuer or the Guarantor to foreign investors in respect of the Notes or under the Guarantee may be subject to withholding taxes under PRC tax law.

Under the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the "**EIT Law**") and its implementing rules effective on 1 January 2008 and as amended on 24 February 2017 and 29 December 2018, enterprises established outside the PRC whose "*de facto* management bodies" are located in the PRC are considered "resident enterprises" for PRC tax purposes.

The implementation rules define the term "*de facto* management body" as a management body that exercises full and substantial control and management over the business, personnel, accounts and properties of an enterprise. 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 (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) issued by the SAT on 22 April 2009, as revised in 2013 and 2017 ("**Circular 82**") 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 the PRC if all of the following requirements are satisfied at the same time: (i) the senior management and core management departments in charge of daily operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within the PRC; and (iv) at least half of the enterprise's directors with voting rights or senior management frequently reside within the PRC. Circular 82 also provides that the determination of "*de facto* management body" shall be governed by the principle of substance being more important than form. On 27 July 2011, the SAT issued the Provisional Administrative Regulations of Enterprise Income Taxation of a Chinese-Controlled Foreign Resident Enterprise (境外註冊中資控股居民企業所得稅管理辦法), as revised in 2015, 2016 and 2018 ("**Circular 45**"), to further prescribe the rules concerning the recognition, administration and taxation of a foreign enterprise "controlled by a PRC enterprise or PRC enterprise group". Circular 45 identifies and defines two ways in which a foreign enterprise "controlled by a PRC enterprise or a PRC enterprise group" would be treated as a resident enterprise: first, the foreign enterprise may decide on its own whether its *de facto* management body is located in the PRC based on the criteria set forth in Circular 82, and, if it makes such determination, it shall apply to the competent tax bureau to be treated as a resident enterprise; second, the tax authority may determine that such foreign enterprise is a resident enterprise after its active investigation.

The Group takes the position that the Issuer is currently not a PRC resident enterprise for tax purposes, and as at the date of this Offering Circular, neither the Issuer nor the Guarantor has been notified or informed by the PRC tax authorities that the Issuer is considered as a "resident enterprise" for EIT purposes. However, there is no assurance that the tax authorities will agree with the Group's position. If the Issuer is deemed to be a PRC resident enterprise for EIT purposes, the Issuer would be subject to the PRC enterprise income tax at the rate of 25 per cent. on its worldwide taxable income. Furthermore, in the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities, the Issuer may be obligated to withhold PRC income tax of up to 7 per cent. on payments of interest and certain other amounts on the Notes to investors that are Hong Kong resident enterprises or 10 per cent. on payments of interest and other amounts on the Notes to investors that are not Hong Kong resident enterprises, provided that there are no tax treaties between the PRC and those countries which exempt or reduce such withholding tax, because the interest and other amounts may be regarded as being derived from sources within the PRC. Similarly, in the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities, payments of interest and certain other amounts on the Notes to a non-resident individual holder may also be regarded as being derived from sources within the PRC and be subject to PRC tax of up to 20 per cent. pursuant to the Individual Income Tax Law of the PRC, as revised in 2011 and 2018 ("**IIT Law**") and its implementation rules, provided that there are no tax treaties between the PRC and those countries or regions which exempt or reduce such withholding tax. Further, the payments of the interest and other interest like earnings on the Notes to a non-resident enterprise or a non-resident individual holder may be subject to withholding of PRC enterprise income tax or individual income tax in the event that the Guarantor is required to discharge its obligations under the Guarantee, subject to applicable tax treaties between the PRC and those countries or regions which exempt or reduce such withholding of tax. In addition, if the Issuer or the Guarantor fails to do so, it may be subject to fines and other penalties.

Pursuant to the Circular of Full Implementation of Business Tax to VAT Reform (關於全面推開營業稅改徵增值稅試點的通知) (Caishui [2016] No. 36) issued by the Ministry of Finance and the SAT on 23 March 2016 and revised on 11 July 2017, 25 December 2017 and 1 April 2019, as supplemented by the Notice on Clarification of VAT Policies for Finance, Real Estate Development, Education Support Services etc. (財政部、國家稅務總局關於明確金融房地產開發教育輔助服務等增值稅政策的通知) jointly issued by the Ministry of Finance of the PRC and the SAT on 21 December 2016 and effective retroactively (excluding Article 17 thereof) as at 1 May 2016 (together, "**Circular 36**") and other related rules and regulations, income derived from the provision of financial services which previously was subject to business tax is after 1 May 2016 subject only to VAT which replaced the business tax. According to Circular 36, entities and individuals providing services within the PRC shall be subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in China. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the "loans" refer to the activity of lending capital for another's use and receiving the interest income thereon. Based on the definition of "loans" under Circular 36, the issuance of Notes is likely to be treated as the holders of the Notes providing loans to the Issuer. VAT is unlikely to apply to the Issuer's payments of interest and other amounts on the Notes to investors who are located outside of the PRC, but there is uncertainty as to the applicability of VAT as this will depend on how the PRC tax authorities interpret, apply or enforce Circular 36 and its implementation rules. However, the payments of the interest and other interest-like earnings may be subject to VAT at the rate of 6 per cent. in the event that the Guarantor is required to discharge its obligations under the Guarantee as the Guarantor is located in the PRC.

If the Issuer or the Guarantor is required under the EIT Law, IIT law, Circular 36 or other related PRC tax laws to withhold PRC income tax or VAT from interest payments made to the holders of the Notes who are "non-resident enterprises" or who are located outside of the PRC, the Issuer will be required to pay such additional amounts as will result in receipt by a holder of the Notes of such amounts as would have been received by the holder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Notes, and could have a material adverse effect on the Issuer's ability to pay interest on, and repay the principal amount of, the Notes, as well as its profitability and cash flow. It is unclear whether, if the Issuer is considered a PRC "resident enterprise", holders of the Notes might be able to claim the benefit of income tax treaties or agreements entered into between the PRC and other countries or areas.

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

Under the EIT law and its implementation rules, any gains realised on the transfer of the Notes by holders who are deemed under the EIT law as non-resident enterprises may be subject to PRC EIT if such gains are regarded as income derived from sources within the PRC. Under the EIT law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. In the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities, capital gain realised by a non-resident enterprise from the transfer of the Notes may be regarded as being derived from sources within the PRC and, accordingly, may be subject to a PRC tax of up to 10 per cent., provided that there are no tax treaties between the PRC and those countries or regions which exempt or reduce such withholding tax. Similarly, in the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities, any capital gain realised by a non-resident individual holder from transfer of the Notes may also be regarded as being derived from sources within the PRC and be subject to PRC tax of up to 20 per cent. pursuant to the IIT Law, provided that there are no tax treaties between the PRC and those countries or regions which exempt or reduce such withholding tax. There remains uncertainty as to whether the gains realised from the transfer of the Notes between entities or individuals located outside of the PRC would be treated as incomes derived from sources within the PRC and be subject to PRC tax. This will depend on how the PRC tax authorities interpret, apply or enforce the EIT Law and its implementation rules. If such gains are subject to PRC income tax, the 10 per cent. EIT rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Notes minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to 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, which was promulgated on 21 August 2006, Noteholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Notes if such capital gains are not connected with an office or establishment that the Noteholders have in the PRC and all the other relevant conditions are satisfied.

Under Circular 36, VAT is applicable where the entities or individuals provide services within the PRC. VAT is unlikely to apply to any transfer of Notes between entities or individuals located outside of the PRC and therefore unlikely to apply to gains realised upon such transfers, but there is uncertainty as to the applicability of VAT if either the seller or the buyer of Notes is located inside the PRC. Circular 36 and laws and regulations pertaining to VAT are relatively new, and there is uncertainty as to the applicability of Circular 36 as this will depend on how the PRC tax authorities interpret, apply or enforce Circular 36 and its implementation rules.

If a Noteholder, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax or VAT or related surcharges on VAT on gains on the transfer of the Notes, the value of the relevant Noteholder's investment in the Notes may be materially and adversely affected.

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

The Terms and Conditions of the Notes and the transaction documents are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. The 2019 Arrangement came into effect in January 2024 and is applicable to civil and commercial judgments given by the courts of mainland China and Hong Kong on or after 29 January 2024. Under the 2019 Arrangement, PRC courts will generally recognise and enforce civil and commercial judgments given by Hong Kong courts provided that certain jurisdictional requirements are satisfied. A PRC court may refuse to recognise or enforce a Hong Kong judgment under the 2019 Arrangement if the PRC court considers that doing so would be manifestly contrary to the public principles of PRC law or the social and public interests of the PRC. The 2019 Arrangement extends the scope of judicial assistance, however, there is still no certainty that a PRC court will enforce a judgment by a Hong Kong court or that parties will not have to relitigate the merits of the case before a PRC court.

Furthermore, 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 of Hong Kong will be limited.

The ratings of the Programme may be downgraded or withdrawn.

The Programme has been assigned a rating of Baa1 by Moody's. 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 withdrawal at any time. A reduction or withdrawal of the ratings may adversely affect the market price of the Notes and the Issuer's or the Guarantor's ability to access the debt capital markets.

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

The Guarantor is currently assigned a rating of "BBB+" by S&P and a rating of "Baa1" from Moody's. Any adverse revision to the Guarantor's corporate ratings, or those of its subsidiaries, for domestic and international debt by rating agencies such as Fitch Ratings, Moody's and S&P may adversely affect the Group's business, its financial performance and the trading price of the Notes. Further, the Group's ability to obtain financing or to access to capital markets may also be limited, thereby lowering its liquidity.

RISKS RELATING TO THE STRUCTURE OF A PARTICULAR ISSUE OF NOTES UNDER THE PROGRAMME

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

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

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

- the market price of such Notes may be volatile;
- such Notes may receive no interest;
- payment of principal or interest may occur at a different time or in a different currency than expected; and
- the amount of principal payable at redemption may be less than the principal amount of such Notes, or even zero.

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

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

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

Interest rates and indices which are deemed to be or used as "benchmarks" are the subject of recent international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Note linked to or referencing such a benchmark.

Regulation (EU) 2016/1011 (the "**EU Benchmarks Regulation**") applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by European Union supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-European Union based, not deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Benchmarks Regulation**") among other things, applies to the provision of benchmarks and the use of a benchmark in the United Kingdom. Similarly, it prohibits the use in the United Kingdom by United Kingdom supervised entities of benchmarks of administrators that are not authorised by the United Kingdom Financial Conduct Authority ("**FCA**") or registered on the FCA register (or, if non-United Kingdom based, not deemed equivalent or recognised or endorsed).

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

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

Separately, the euro risk free-rate working group for the euro area has published a set of guiding principles and high-level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR (as defined below). The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system.

The potential elimination of any benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark. Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark; or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any international reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

The market continues to develop in relation to risk-free rates (including overnight rates) as reference rates for Floating Rate Notes.

The use of risk-free rates, including those such as the Secured Overnight Financing Rate ("**SOFR**"), as reference rates for Eurobonds continues to develop. This relates not only to the substance of the calculation and the development and adoption of market infrastructure for the issuance and trading of bonds referencing such rates, but also how widely such rates and methodologies might be adopted.

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Terms and Conditions of the Notes and used in relation to Notes that reference risk-free rates issued under the Programme. The Issuer may in the future also issue Notes referencing SOFR or the SOFR Compounded Index that differ materially in terms of interest determination when compared with any previous Notes issued by it under the Programme. The development of risk-free rates for the Eurobond markets could result in reduced liquidity or increased volatility, or could otherwise affect the market price of any Notes that reference a risk-free rate issued under this Programme from time to time.

In addition, the manner of adoption or application of risk-free rates in the Eurobond markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk-free rates.

In particular, investors should be aware that several different methodologies have been used in risk-free rate notes issued in various markets to date. No assurance can be given that any particular methodology, including the compounding formula in the Terms and Conditions of the Notes, will gain widespread market acceptance. In addition, market participants and relevant working groups are still exploring alternative reference rates based on risk-free rates, including various ways to produce term versions of certain risk-free rates (which seek to measure the market's forward expectation of an average of these reference rates over a designated term, as they are overnight rates) or different measures of such risk-free rates. If the relevant risk-free rates do not prove to be widely used in securities like the Notes, the trading price of such Notes linked to such risk-free rates may be lower than those of Notes linked to such risk-free rates, which, in turn, may be lower than those of Notes referencing indices that are more widely used.

Investors should consider these matters when making their investment decision with respect to any Notes which reference SOFR or any related indices.

The use of Secured Overnight Financing Rate as a reference rate is subject to important Limitations.

The rate of interest on the Floating Rate Notes may be calculated on the basis of SOFR (as further described under Condition 5 of the Terms and Conditions of the Notes).

Risk-free rates may differ from inter-bank offered rates in a number of material respects. These include (without limitation) being backwards-looking, in most cases, calculated on a compounded or weighted average basis, risk-free, overnight rates and, in the case of SOFR, secured, whereas such interbank offered rates are generally expressed on the basis of a forward-looking term, are unsecured and include a risk-element based on interbank lending. As such, investors should be aware that risk-free rates may behave materially differently to interbank offered rates as interest reference rates for the Notes. Furthermore, SOFR is a secured rate that represents overnight secured funding transactions, and therefore will perform differently over time to an unsecured rate. For example, since publication of SOFR began on 3 April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

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

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

The Federal Reserve Bank of New York notes on its publication page for SOFR that use of SOFR is subject to important limitations and disclaimers, including that the Federal Reserve Bank of New York may alter the methods of calculation, publication schedule, rate revision practices or availability of SOFR at any time without notice. In addition, SOFR is published by the Federal Reserve Bank of New York based on data received from other sources, and the Issuer has no control over its determination, calculation or publication. There can be no guarantee that SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of the Noteholders. If the manner in which SOFR is calculated is changed or if SOFR is discontinued, that change or discontinuance may result in a reduction or elimination of the amount of interest payable on the Notes and a reduction in the trading prices of the Notes which would negatively impact the Noteholders who could lose part of their investment.

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

The administrator of SOFR or any related indices may make changes that could change the value of SOFR or any related index, or discontinue SOFR or any related index.

The Federal Reserve or the Bank of New York (or their successors) as administrators of SOFR (and the SOFR Compounded Index), may make methodological or other changes that could change the value of these risk-free rates and/or indices, including changes related to the method by which such risk-free rate is calculated, eligibility criteria applicable to the transactions used to calculate SOFR, or timing related to the publication of SOFR or any related indices. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SOFR or any related index (in which case a fallback method of determining the interest rate on the Notes will apply). The administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing any such risk-free rate.

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

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

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

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

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

The market values of securities issued at a substantial discount or premium to their principal 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 THE MARKET GENERALLY

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

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

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

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

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

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 global financial crisis of 2008 and 2009, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

For the past three decades, the PRC Government authorities have implemented economic reform measures to emphasise the utilisation of the market as a fundamental factor in resource allocation. The PRC's economy has been transitioning from a planned economy to a more market-oriented economy. From time to time, the PRC Government authorities implement various macro-economic and other policies and measures to sustain economic stability and utilise new sources of economic growth. Economic reform measures, however, may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country, as economic reform is a developing process. As a result, the Group may not continue to benefit from all, or any, of these measures. In addition, it cannot be accurately predicted whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on its current or future business, financial condition and results of operations. For instance, the United States and China have recently been involved in controversy over trade barriers that have threatened a trade war between the countries. Both countries have implemented or proposed to implement tariffs on certain imported products from the other. Sustained tension between the United States and China over trade policies could significantly undermine the stability of the global and China's economy. Any severe or prolonged slowdown or instability in the global or China's economy may materially and adversely affect its business, financial condition and results of operations. From a global perspective, any further tightening of liquidity in the global financial markets may negatively affect the Group's liquidity, to the extent the Group is looking for expansion overseas.

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

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

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

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

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

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

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings 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 credit risks in determining the likelihood that payments will be made when due under the Notes. Such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. There can be no assurance that the ratings assigned to any Notes will remain in effect for any given period or that the ratings will not be lowered, suspended or withdrawn by the rating agencies in the future if, in their judgement, the circumstances so warrant. Neither the Issuer nor the Guarantor is obligated to inform holders of the Notes of any such suspension, revision, downgrade or withdrawal. A suspension, downgrade or withdrawal of the ratings of any Notes at any time may materially and adversely affect the market price of the Notes and the Issuer's and the Guarantor's ability to access the debt capital markets.

RISKS RELATING TO RENMINBI-DENOMINATED NOTES

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

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

Renminbi is not freely convertible at present. The government of the PRC (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 trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

Remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

In respect of Renminbi foreign direct investments ("**FDI**"), PBOC promulgated the Administrative Measures on Renminbi Settlement of Foreign Direct Investment (外商直接投資人民幣結算業務管理辦法) (the "**PBOC FDI Measures**") on 13 October 2011, which was amended on 5 June 2015, as part of the PBOC's detailed Renminbi FDI accounts administration system. The system covers almost all aspects in relation to FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. On 14 June 2012, PBOC issued a circular setting out the operational guidelines for FDI, which was amended on 5 June 2015. Under the PBOC FDI Measures, special approval for FDI and shareholder loans from PBOC, which was previously required, is no longer necessary. In some cases, however, post-event filing with PBOC is still necessary.

On 3 December 2013, the Ministry of Commerce of the PRC ("**MOFCOM**") promulgated the Circular on Issues in relation to Cross-Border Renminbi Foreign Direct Investment (關於跨境人民幣直接投資有關問題的公告) (the "**MOFCOM Circular**"), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each FDI and specify "Renminbi Foreign Direct Investment" and the amount of capital contribution in the approval. Unlike previous MOFCOM regulations on FDI, the MOFCOM Circular removes the approval requirement for foreign investors who intend to change the currency of their existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Circular also clearly prohibits the FDI funds from being used for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC.

On 13 February 2015, SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policies for Direct Investment (關於進一步簡化和改進直接投資外匯管理政策的通知) ("**Circular 13**"), which was amended on 30 December 2019, to simplify foreign exchange rules for cross-border investments. According to Circular 13, foreign exchange registration for foreign direct investment and outbound direct investment will be exempted from the approval by SAFE and the registration rights will be delegated from SAFE to the qualified banks from 1 June 2015. Under Circular 13, foreign investors could open foreign exchange accounts in qualified banks directly after providing the banks with registration documents, with no need to obtain separate government approval. Under Circular 13, such qualified banks will administer foreign exchange transactions according to the registration information provided by the parties and SAFE will indirectly supervise foreign exchange registration by verifying and inspecting the qualified banks.

On 30 March 2015, SAFE promulgated the Circular of SAFE on Relevant Issues Concerning the Reform of the Administrative Method of the Conversion of Foreign Exchange Funds by Foreign- invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結算管理方式的通知) ("**Circular 19**"), which was amended on 9 June 2016 and 30 December 2019 and relaxed the capital account settlement for all foreign invested enterprises across the nation from 1 June 2015.

On 9 June 2016, SAFE further promulgated the Circular of SAFE on Relevant Issues Concerning the Reform and Regulation of the Administrative Policies of the Conversion under Capital Items (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) ("**Circular 16**"). According to Circular 16, in case of any discrepancy between Circular 19 and Circular 16, Circular 16 shall prevail. Circular 16 allows all foreign invested enterprises across the PRC to convert 100 per cent. (subject to future adjustment at discretion of SAFE) of the foreign currency capital (which has been processed through SAFE's equity interest confirmation procedure for capital contribution in cash or registered by a bank on SAFE's system for account crediting for such capital contribution) into Renminbi at their own discretion without providing various supporting documents. However, to use the converted Renminbi, a foreign invested enterprise still needs to provide supporting documents and go through the review process with the banks for each withdrawal. A negative list with respect to the usage of the capital and the Renminbi proceeds through the aforementioned settlement procedure is set forth under Circular 16.

In addition, pursuant to the Notice of SAFE on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Control (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知) ("**Circular No. 3 [2017]**") promulgated on 26 January 2017, when conducting outward remittance of a sum equivalent to more than U.S.$50,000 for a domestic institution, the bank shall, under the principle of genuine transaction, check the profit distribution resolution made by the board of directors (or profit distribution resolution made by partners), original of tax filing form and audited financial statements, and stamp with the outward remittance sum and date on the original of tax filing form. In addition, the domestic institution shall make up its losses of previous years under the applicable laws. On 24 March 2017 and 27 April 2017 respectively, SAFE posted two series of questions and answers on its official website, in order to further explain Circular No. 3 [2017].

On 5 January 2018, PBOC promulgated the Notice on Further Improving Policies of Cross-Border Renminbi Business to Promote Trade and Investment Facilitation (關於進一步完善人民幣跨境業務政策促進貿易投資便利化的通知) ("**Circular No. 3 [2018]**"), which supports enterprises to use Renminbi in cross-border settlement and for the investment income such as profits and dividends legally obtained by overseas investors in the PRC, banks shall review relevant materials as required before processing cross-border Renminbi settlement and ensure free remittance of profits of foreign investors in accordance with the law.

As these are relatively new circulars, they will be subject to interpretation and application by the relevant authorities in the PRC.

There is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued 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 and the Guarantor 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 Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service such Renminbi Notes.

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, licenced banks in Hong Kong may offer limited Renminbi denominated banking services to Hong Kong residents and specified business customers. PBOC has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On July 2010, further amendments were made to the Settlement Agreement on the Clearing of Renminbi Business (關於人民幣業務的清算協議) (the "**Settlement Agreement**") between PBOC and Bank of China (Hong Kong) Limited (the "**Renminbi Clearing Bank**") to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong; there is no longer any limit on the ability of corporations to convert Renminbi; and there will no longer be any restriction on the transfer of Renminbi funds between different accounts in Hong Kong. In addition, PBOC has now established Renminbi clearing and settlement systems with financial institutions in other major global financial centres (each also a "**Renminbi Clearing Bank**"), including London, Frankfurt and Singapore to further internationalise the Renminbi.

There are restrictions imposed by 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 PBOC. The Renminbi Clearing Banks only have access to onshore liquidity support from PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi 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 arrangements will not be terminated or amended in the future which will have the effect of restricting the 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 or the Guarantor is required to source Renminbi in the offshore market to service its Renminbi Notes, there is no assurance that either the Issuer or the Guarantor 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 (i) when Renminbi Notes are represented by Global Notes or Global Certificates, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures, or (ii) when Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer or the Guarantor (as the case may be) cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

TERMS AND CONDITIONS OF THE NOTES

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

The Notes are issued by Guotai Junan Holdings Limited 國泰君安控股有限公司 (the "**Issuer**") and guaranteed by Guotai Junan Securities Co., Ltd. (国泰君安证券股份有限公司) (the "**Guarantor**"), and are constituted by an amended and restated trust deed dated 2 November 2022 (as further amended, restated and/or supplemented from time to time, the "**Trust Deed**") between the Issuer, the Guarantor and The Bank of New York Mellon, London Branch (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 (these "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An amended and restated agency agreement dated 2 November 2022 (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, The Bank of New York Mellon, London Branch as issuing and paying agent, The Bank of New York Mellon, Hong Kong Branch as the 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 therein. The issuing and paying agent, the CMU lodging and paying agent, any other paying agents, the registrar, the transfer agent(s) and the calculation agent(s) for the time being are referred to below respectively as the "**Issuing and Paying Agent**" (which expression includes any successor Issuing and Paying Agent appointed from time to time in connection with the Notes), the "**CMU Lodging and Paying Agent**" (which expression includes any successor CMU Lodging and Paying Agent appointed from time to time in connection with the Notes), the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent and the CMU Lodging and the Paying Agent and any successor Paying Agents appointed from time to time in connection with the Notes), the "**Registrar**" (which expression includes any successor Registrar appointed from time to time in connection with the Notes), the "**Transfer Agents**" (which expression shall include any successor Transfer Agents appointed from time to time in connection with the Notes) and the "**Calculation Agent(s)**" (which expression includes any successor Calculation Agents appointed from time to time in connection with the Notes) and collectively, 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. Each Tranche (as defined below) of Notes will have the benefit of a deed of guarantee dated on or about the relevant date of issue of the Notes (the "**Issue Date**") (as amended, restated and/or supplemented from time to time, each a "**Deed of Guarantee**") entered into between the Guarantor and the Trustee.

Copies of the Trust Deed, the relevant Deed of Guarantee and the Agency Agreement (i) are available for inspection at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m., Hong Kong time, Monday to Friday other than public holidays) following prior written request and proof of holding and identity satisfactory to the Trustee or, as the case may be, the Issuing and Paying Agent at the principal office of the Trustee (presently at 160 Queen Victoria Street, London EC4V 4LA, United

Kingdom) and at the specified office of the Issuing and Paying Agent or (ii) may be provided by email by the Trustee or the Issuing and Paying Agent to any Noteholders following prior written request and proof of holding and identity satisfactory of the Trustee or, as the case may be, the Issuing and Paying Agent.

The Noteholders, the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Notes in bearer form of which the principal is payable in instalments (the "**Receiptholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the relevant Deed of Guarantee and are deemed to have notice of those provisions applicable to them of the Agency Agreement. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the relevant Deed of Guarantee 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 (a) expressed to be consolidated and form a single series with such Tranche of Notes and (b) identical in all respects (or in all respects except for the Issue Date, the issue price, the first payment of interest on them, the timing for submission of the NDRC Post-issuance Filing (if applicable) and the completion of the Cross-Border Security Registration and for making relevant subsequent notifications to the Trustee and the Noteholders thereof).

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement or the Trust Deed.

1 Form, Denomination and Title

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

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest Basis 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 relevant Certificate) and no person shall be liable for so treating the holder.

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

2 No Exchange of Notes, Transfers of Registered Notes and Certificates

(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, subject to Conditions 2(b) and 2(f) and the terms of the Agency Agreement, 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 such Transfer Agent may require. In the case of a transfer of part only of a holding of Registered Notes (which shall be in a Specified Denomination) represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred (which shall be in a Specified Denomination) and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement (the "**Regulations**"). The Regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee or by the Registrar with the prior written approval of the Trustee. A copy of the current Regulations will be made available by the Registrar to any Noteholder following written request and provision of proof of holding and identity satisfactory to the Registrar.

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

(e) **Transfers Free of Charge**: Transfers of Registered 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 any other Transfer Agent, but upon (i) payment by the relevant Noteholder of any tax, duty or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require); (ii) the Registrar or the relevant Transfer Agent being satisfied in its absolute discretion with the documents of title or identity of the person making the application and (iii) the Registrar or the relevant Transfer Agent being satisfied that the Regulations 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 seven business days ending on (and including) the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of seven business days ending on (and including) any Record Date (as defined in Condition 7(c)), (iii) during the period of 15 days prior to (and including) any date on which Notes may be called for redemption by the Issuer pursuant to Condition 6(c) or Condition 6(e); or (iv) after any such Note has been put for redemption pursuant to Condition 6(d) or Condition 6(f).

3 Guarantee and Status

(a) **Guarantee**: The Guarantor will, in respect of each Tranche of Notes pursuant to the relevant Deed of Guarantee, unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and, if applicable, the Receipts and the Coupons (the "**Guarantee**"). The payment obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable laws and regulation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

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

4 Covenants

(a) Undertakings relating to the Guarantee/Order 56:

(i) For the benefit of each Tranche of the Notes to be issued in accordance with these Conditions and the Trust Deed, the Guarantor shall execute a Deed of Guarantee in connection with such Tranche substantially in the form attached to the Trust Deed on the relevant Issue Date.

(ii) In relation to each Tranche of Notes where Order 56 is applicable:

(A) The Guarantor undertakes (i) to file or cause to be filed with the NDRC the requisite information and documents relating to the completion of an issue of the relevant Tranche of Notes, within ten PRC Business Days after the relevant Issue Date and in accordance with Order 56 (the "**NDRC Post-issuance Filing**") and to comply with all applicable PRC laws and regulations in relation to the issue of the Notes; and (ii) to submit or cause to be submitted to SAFE for registration the relevant Deed of Guarantee within the prescribed timeframe after execution of the relevant Deed of Guarantee in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the "**Cross-Border Security Registration**"). The Guarantor shall use its best endeavours to complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the relevant Registration Deadline and shall comply with all applicable PRC laws and regulations in relation to the relevant Guarantee; and

(B) The Guarantor shall, within ten PRC Business Days after completion of both the submission of the NDRC Post-issuance Filing and receipt of the registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE), provide the Trustee with (i) a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory of the Guarantor confirming (x) the completion of the NDRC Post-issuance Filing and the Cross-Border Security Registration; and (y) that no Event of Default or Potential Event of Default has occurred; and (ii) copies of the documents evidencing due filing with the NDRC and the registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) evidencing the completion of the Cross-Border Security Registration, each certified in English by an Authorised Signatory of the Guarantor as being a true and complete copy of the original (the certificate and documents referred to in (i) and (ii) in this Condition 4(a)(ii)(B), the "**Registration Documents**"). In addition, the Guarantor shall procure that within ten PRC Business Days after the Registration Documents are delivered to the Trustee, the Issuer shall give notice to the Noteholders (in accordance with Condition 16) confirming the completion of the NDRC Post-issuance Filing and the Cross-Border Security Registration.

(iii) In relation to each Tranche of Notes where Order 56 is not applicable:

(A) The Guarantor undertakes to submit or cause to be submitted to SAFE, the Cross-Border Security Registration. The Guarantor shall use its best endeavours to complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the Registration Deadline and shall comply with all applicable PRC laws and regulations in relation to the relevant Guarantee; and

(B) The Guarantor shall, within ten PRC Business Days after receipt of the registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE), provide the Trustee with (i) a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory of the Guarantor confirming (x) the completion of the Cross-Border Security Registration; and (y) that no Event of Default or Potential Event of Default has occurred; and (ii) copies of the registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) evidencing the completion of the Cross-Border Security Registration, each certified in English by an Authorised Signatory of the Guarantor as being a true and complete copy of the original (the certificate and documents referred to in (i) and (ii) in this Condition 4(a)(iii)(B), the "**SAFE Registration Documents**"). In addition, the Guarantor shall procure that within ten PRC Business Days after the SAFE Registration Documents are delivered to the Trustee, the Issuer shall give notice to the Noteholders (in accordance with Condition 16) confirming the completion of the Cross-Border Security Registration.

(b) **Rating Maintenance**: Where the Notes are rated or expected to be rated by one or more Rating Agencies as specified in the applicable Pricing Supplement, so long as any Note remains outstanding (as defined in the Trust Deed), save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders, the Issuer and the Guarantor undertake that they will use all reasonable endeavours to maintain a rating on the Notes by a Rating Agency.

(c) **Trustee Reliance**: The Trustee shall have no obligation or duty to monitor, assist with or ensure the completion of the Cross-Border Security Registration with SAFE on or before the Registration Deadline and/or the NDRC Post-issuance Filing with the NDRC within the timeframe specified in Condition 4(a) or completion of any on-going filing or reporting requirements in relation to the Notes under and in compliance with applicable PRC laws and regulations or to verify the accuracy, validity and/or genuineness of any documents, certificates, confirmations, notices or evidence in relation to or in connection with the NDRC Post-issuance Filing, the Cross-Border Security Registration, the Registration Documents, the SAFE Registration Documents or any such on-going filing or reporting requirements, or to monitor compliance by the Issuer and/or the Guarantor with all or any applicable PRC laws and regulations in relation to the Notes, or to procure that any certificate, confirmation, notice, evidence or document in relation to or in connection with the NDRC Post- issuance Filing, the Cross-Border Security Registration, the Registration Documents, the SAFE Registration Documents or any such on-going filing or reporting requirements as aforesaid which is not in English is translated into English or, if any English translation of any certificate, confirmation, notice, evidence or document is provided or retained, to verify the accuracy or completeness of the translation into English of any such certificate, confirmation, notice, evidence or other document or to give notice to the Noteholders confirming the completion of the NDRC Post-issuance Filing and the Cross-Border Security Registration, and shall not be liable to Noteholders or any other person for not doing so.

In these Conditions:

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

"**Order 56**" means the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debt 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 which came into effect on 10 February 2023 and any implementation rules as issued by the NDRC from time to time;

"**PRC**" means the People's Republic of China, which shall for the purposes of these Conditions, exclude Hong Kong, Macau and Taiwan;

"**PRC Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business in Beijing;

"**Rating Agency**" means (A) Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors; or (B) Fitch Ratings and its successors; or (C) Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. and its successors; (D) or any other reputable credit rating agency of international standing;

"**Registration Deadline**" means the day falling 150 days after the relevant Issue Date;

"**SAFE**" means the State Administration of Foreign Exchange of the PRC or its relevant branch; and

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

5 Interest and other Calculations

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

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

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

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

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

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin, if any. 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.

If "2021 ISDA Definitions" is specified hereon as the applicable ISDA Definitions:

(1) Administrator/Benchmark Event shall be disapplied;

(2) if the Temporary Non-Publication Fallback for any specified Floating Rate Option is specified to be "Temporary Non-Publication Fallback – Alternative Rate" in the Floating Rate Matrix of the 2021 ISDA Definitions, the reference to "Calculation Agent Alternative Rate Determination" in the definition of "Temporary Non-Publication Fallback – Alternative Rate" shall be replaced by "Temporary Non-Publication Fallback – Previous Day's Rate"; and

(3) "Fallback Observation Day" in the ISDA Definitions shall be deemed deleted in its entirety and replaced with the following:

"**Fallback Observation Day**" means, in respect of a Reset Date and the Calculation Period (or any Compounding Period included in that Calculation Period) to which that Reset Date relates, unless otherwise agreed, the day that is five Business Days preceding the related Payment Date.

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 (*other than Floating Rate Notes which specify the Reference Rate as SOFR*)

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

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11:00 a.m. (Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR) or 11:15 a.m. (Hong Kong time in the case of CNH HIBOR) or if, at or around that time it is notified that the fixing will be published at 2:30 p.m. (Hong Kong time), then as of 2:30 p.m. (Hong Kong time, in the case of CNH HIBOR) 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.

Provided that, 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, the Rate of Interest cannot be determined in accordance with the foregoing provision of this paragraph and the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

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

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

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

The "**SOFR Benchmark**" will be determined based on Simple SOFR Average, Compounded SOFR Average or SOFR Compounded Index (as specified in the relevant Pricing Supplement), as follows (subject in each case to Condition 5(b)(v)):

(x) If Simple SOFR Average ("**Simple SOFR Average**") is specified in the relevant Pricing Supplement as the manner in which the SOFR Benchmark will be determined, the SOFR Benchmark for each Interest Accrual Period shall be the arithmetic mean of the SOFR reference rates for each U.S. Government Securities Business Day during such Interest Accrual Period, as calculated by the Calculation Agent, and where, if applicable and as specified in the relevant Pricing Supplement, the SOFR reference rate on the SOFR Rate Cut-Off Date shall be used for the U.S. Government Securities Business Days in the relevant Interest Accrual Period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the last day of that Interest Accrual Period.

(y) If Compounded SOFR Average ("**Compounded SOFR Average**") is specified in the relevant Pricing Supplement as the manner in which the SOFR Benchmark will be determined, the SOFR Benchmark for each Interest Accrual Period shall be equal to the compounded average of daily SOFR reference rates for each day during the relevant Interest Accrual Period (where SOFR Observation Lag, SOFR Payment Delay or SOFR Lockout is specified in the relevant Pricing Supplement to determine Compounded SOFR Average) or SOFR Observation Period (where SOFR Observation Shift is specified as applicable in the relevant Pricing Supplement to determine Compounded SOFR Average).

Compounded SOFR Average shall be calculated by the Calculation Agent in accordance with one of the formulas referenced below depending upon which is specified in the relevant Pricing Supplement:

(i) SOFR Observation Lag:

$$\left(\prod_{i=1}^{d_o}\left(1+\frac{SOFR_{i-xUSBD} \times n_i}{360}\right)-1\right)\times\frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005% being rounded upwards (e.g., 9.876541% (or

0.09876541) being rounded down to 9.87654% (or 0.0987654) and 9.876545% (or 0.09876545) being rounded up to 9.87655% (or 0.0987655)) and where:

"**$SOFR_{i\text{-}xUSBD}$**" for any U.S. Government Securities Business Day(i) in the relevant Interest Accrual Period, is equal to the SOFR reference rate for the U.S. Government Securities Business Day falling the number of Lookback Days prior to that U.S. Government Securities Business Day(i);

"**Lookback Days**" means such number (which shall not be less than five) of U.S. Government Securities Business Days as specified in the relevant Pricing Supplement;

"**d**" means the number of calendar days in the relevant Interest Accrual Period;

"**d_o**" for any Interest Accrual Period, means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period;

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

"**n_i**" for any U.S. Government Securities Business Day(i) in the relevant Interest Accrual Period, means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day.

(ii) SOFR Observation Shift:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right]\times\frac{360}{d}$$

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

"**$SOFR_i$**" for any U.S. Government Securities Business Day(i) in the relevant SOFR Observation Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day(i);

"**SOFR Observation Period**" means, in respect of an Interest Accrual Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of such Interest Accrual Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the Interest Period Date for such Interest Accrual Period;

"**SOFR Observation Shift Days**" means the number (which shall not be less than five) of U.S. Government Securities Business Days as specified in the relevant Pricing Supplement;

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

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

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

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

(iii) SOFR Payment Delay:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right]\times\frac{360}{d}$$

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

"$\mathbf{SOFR_i}$" for any U.S. Government Securities Business Day(i) in the relevant Interest Accrual Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day(i);

"**Interest Payment Date**" shall be the number of Interest Payment Delay Days following each Interest Period Date; provided that the Interest Payment Date with respect to the final Interest Accrual Period will be the Maturity Date or the relevant date for redemption, as applicable;

"**Interest Payment Delay Days**" means the number (which shall not be less than five) of Business Days as specified in the relevant Pricing Supplement;

"**d**" means the number of calendar days in the relevant Interest Accrual Period;

"$\mathbf{d_o}$" for any Interest Accrual Period, means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period;

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

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

For the purposes of calculating Compounded SOFR Average with respect to the final Interest Accrual Period where SOFR Payment Delay is specified in the relevant Pricing Supplement, the SOFR reference rate for each U.S. Government Securities Business Day in the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Maturity Date or the relevant date for redemption, as applicable, shall be the SOFR reference rate in respect of such SOFR Rate Cut-Off Date.

(iv) SOFR Lockout:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right]\times\frac{360}{d}$$

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

"$\mathbf{SOFR_i}$" for any U.S. Government Securities Business Day(i) in the relevant Interest Accrual Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day(i), except that the SOFR for any U.S. Government Securities Business Day(i) in respect of the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Interest Period Date for such Interest Accrual Period shall be the SOFR reference rate in respect of such SOFR Rate Cut-Off Date;

"**d**" means the number of calendar days in the relevant Interest Accrual Period;

"**d_o**" for any Interest Accrual Period, means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period;

"**i**" means a series of whole numbers ascending from one to do, representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Accrual Period (each a "**U.S. Government Securities Business Day(i)**"); and

"**n_i**" for any U.S. Government Securities Business Day(i) in the relevant Interest Accrual Period, means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day.

The following defined terms shall have the meanings set out below for purpose of Conditions 5(b)(iii)(C)(x) and 5(b)(iii)(C)(y):

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

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

"**SOFR**" means, with respect to any U.S. Government Securities Business Day, the reference rate determined by the Calculation Agent in accordance with the following provision:

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

(ii) if the reference rate specified in (i) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the SOFR reference rate shall be the reference rate published on the SOFR Administrator's Website for the first preceding U.S. Government Securities Business Day for which SOFR was published on the SOFR Administrator's Website; or

(iii) if the reference rate specified in (i) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 5(b)(v) shall apply; and

"**SOFR Determination Time**" means approximately 3:00 p.m. (New York City time) on the immediately following the relevant U.S. Government Securities Business Day.

(z) If SOFR Compounded Index ("**SOFR Compounded Index**") is specified as applicable in the relevant Pricing Supplement, the SOFR

Benchmark for each Interest Accrual Period shall be equal to the compounded average of daily SOFR reference rates for each day during the relevant SOFR Observation Period as calculated by the Calculation Agent as follows:

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

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point with 0.000005% being rounded upwards (e.g., 9.876541% (or 0.09876541) being rounded down to 9.87654% (or 0.0987654) and 9.876545% (or 0.09876545) being rounded up to 9.87655% (or.0987655)) and where:

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

(a) the SOFR Index value as published by the SOFR Administrator on the SOFR Administrator's Website on or about 3:00 p.m. (New York time) on such U.S. Government Securities Business Day (the "**SOFR Index Determination Time**"); provided that in the event that the value originally published by the SOFR Administrator on or about 3:00 p.m. (New York time) on any U.S. Government Securities Business Day is subsequently corrected and such corrected value is published by the SOFR Administrator, then such corrected value, instead of the value that was originally published, shall be deemed the SOFR Index value as of the SOFR Index Determination Time in relation to such U.S. Government Securities Business Day; and

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

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

(ii) if a Benchmark Transition Event and its related Benchmark Replacement Date has occurred with respect to SOFR, then SOFR Compounded Index shall be the rate determined pursuant to Condition 5(b)(v);

"**SOFR Index$_{\mathbf{Start}}$**" means, in respect of an Interest Accrual Period, the SOFR Index value on the date which is the number (which shall not be less than five) of U.S. Government Securities Business Days specified in the relevant Pricing Supplement preceding the first date of such Interest Accrual Period;

"**SOFR Index$_{\mathbf{End}}$**" means, in respect of an Interest Accrual Period, the SOFR Index value on the date which is the number (which shall not be less than five) of U.S. Government Securities Business Days specified in the relevant Pricing Supplement preceding the Interest Period Date relating to such Interest Accrual Period (or in the final Interest Accrual Period, the Maturity Date);

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

"**SOFR Observation Shift Days**" means the number (which shall not be less than five) of U.S. Government Securities Business Days as specified in the relevant Pricing Supplement; and

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

The following defined terms shall have the meanings set out below for purpose of this Condition 5(b)(iii)(C):

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

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

"**SOFR Benchmark Replacement Date**" means the Benchmark Replacement Date with respect to the then-current SOFR Benchmark;

"**SOFR Benchmark Transition Event**" means the occurrence of a Benchmark Transition Event with respect to the then-current SOFR Benchmark;

"**SOFR Rate Cut-Off Date**" has the meaning given in the relevant Pricing Supplement, provided that it shall be not less than five U.S. Government Securities Business Days prior to the end of the relevant Interest Accrual Period, the Maturity Date or the relevant date for redemption, as applicable; and

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

(D) SOFR Index unavailable

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

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

$$\left(\prod_{i=1}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right)\times\left(\frac{360}{d_c}\right)$$

where:

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

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

"**i**" means a series of whole numbers from one to do, each representing the relevant U.S. Government Securities Business Days in chronological order from (and including) the number of U.S. Government Securities Business Day as specified in the relevant Pricing Supplement in the relevant Observation Period (each a "**U.S. Government Securities Business Day(i)**");

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

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

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

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

"**Observation Shift Days**" means the number (which shall not be less than five) of U.S. Government Securities Business Days as specified in the Relevant Pricing Supplement;

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

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

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

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

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

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

"**SOFR Determination Time**" means on or about 3:00 p.m. (New York City time) on the SOFR Administrator's Website on the immediately following U.S. Government Securities Business Day; and

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

(E) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

(iv) **Benchmark Replacement for Floating Rate Notes (*other than Floating Rate Notes which specify the Reference Rate as SOFR*)**

Where the Reference Rate specified in the relevant Pricing Supplement is not SOFR Benchmark, the following provisions shall apply:

(x) Independent Adviser

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

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)(iv)(x) prior to the date which is 10 business days prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(b)(iv)(x).

(y) Successor Rate or Alternative Rate

If the Independent Adviser, determines that:

(1) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(b)(iv)); 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)(iv)).

(z) 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.

(aa) 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)(iv) and the Independent Adviser, determines (1) that amendments to these Conditions, the Trust Deed and/or the Agency Agreement 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)(iv)(bb), without any requirement for the consent or approval of Noteholders, vary these Conditions, the Trust Deed and/or the relevant Deed of Guarantee and/or the Agency Agreement 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 a certificate signed by an Authorised Signatory of the Issuer pursuant to Condition 5(b)(iv)(bb), 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 sole 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) or the relevant Deed of Guarantee (including, for the avoidance of doubt, any supplemental deed of guarantee) in any way.

Notwithstanding any other provision of this Condition 5(b)(iv), the Calculation Agent or any Paying Agent is not obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 5(b)(iv) to which, in the sole opinion of the Calculation Agent or the relevant Paying Agent, as the case may be, 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 Calculation Agent or the relevant Paying Agent (as applicable) in the Agency Agreement and/or these Conditions.

(bb) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 5(b)(iv) will be notified at least 10 business days prior to the relevant Interest Determination Date by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 16, to Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Noteholders of the same, the Issuer shall deliver to the Trustee, the Calculation Agent and the Paying Agents a certificate signed by an Authorised Signatory of the Issuer:

(1) confirming (i) that a Benchmark Event has occurred, (ii) the relevant Successor Rate or, as the case may be, the relevant Alternative Rate, (iii) the applicable Adjustment Spread and (iv) the specific terms of any relevant Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(b)(iv); 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 Agents shall be entitled to rely on such certificate (without investigation and 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 and the Benchmark Amendments (if any) and without prejudice to the Trustee's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

Notwithstanding any other provision of this Condition 5(b)(iv), if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5(b)(iv), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

(cc) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Condition 5(b)(iv)(x), Condition 5(b)(iv)(y), Condition 5(b)(iv)(z) and Condition 5(b)(iv)(aa), the Reference Rate and the fallback provisions provided for in Condition 5(b)(iv) will continue to apply unless and until a Benchmark Event has occurred.

(v) **Benchmark Replacement for Floating Rate Notes (*Floating Rate Notes which specify the Reference Rate as SOFR*)**

Where the Reference Rate specified in the relevant Pricing Supplement is SOFR Benchmark, the following provisions shall apply:

(A) Benchmark Replacement

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

(B) Benchmark Replacement Conforming Changes

In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time, and the Issuer shall deliver to the Trustee and the Agents a certificate signed by an Authorised Signatory of the Issuer: (i) confirming that (1) a Benchmark Transition Event has occurred and (2) the Benchmark Replacement, in each case as determined in accordance with the provisions of this Condition 5; and (ii) certifying that the Benchmark Replacement Conforming Changes are necessary to ensure the proper operation of such Benchmark Replacement.

For the avoidance of doubt, the Trustee and the Agents shall, upon receipt of such certificate and (subject to the immediately succeeding paragraph), at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required to give effect to this Condition 5(b)(v). Noteholders' or Couponholder's consent shall not be required in connection with effecting any such changes, including the execution of any documents or any steps to be taken by any of the Agents (if required). Further, none of the Trustee or the Agents shall be responsible or liable to the Issuer, the Guarantor, the Noteholders, the Couponholders or any other person for any determinations, decisions or elections made by the Issuer or its designee with respect to any Benchmark Replacement or any other changes, and the Trustee and the Agents shall be entitled to rely conclusively on any certifications provided to any of them in this regard.

No such determination, decision or election shall be binding on the Trustee and the Agents and none of the Trustee and the Agents shall be obliged to concur in any consequential amendments to the Trust Deed, the relevant Deed of Guarantee, the Agency Agreement and these Conditions as may be required to give effect to this Condition 5 if in the opinion of the Trustee or the relevant Agent (as the case may be) it would impose more onerous obligations upon the Trustee or, as the case may be, the relevant Agent or expose the Trustee or, as the case may be, the relevant Agent to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee or, as the case may be, the relevant Agent in these Conditions, the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed), any Deed of Guarantee (including, for the avoidance of doubt, any supplement guarantee) or the Agency Agreement (including, for the avoidance of doubt, any supplemental agency agreement) (as the case may be) or if they impact the operational feasibility of the Trustee or any Agent in any way.

(C) Decisions and Determinations

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

The following defined terms shall have the meanings set out below for the purpose of Conditions 5(b)(iii)(C) and 5(b)(v):

"**Benchmark**" means, initially, the relevant SOFR Benchmark specified in the relevant Pricing Supplement; provided that if the Issuer or its designee determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the relevant SOFR Benchmark (including any daily published component used in the calculation thereof) or the then-current Benchmark, then "**Benchmark**" means the applicable Benchmark Replacement;

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

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

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

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

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

(i) the sum of:

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

(b) the Benchmark Replacement Adjustment;

(ii) the sum of:

(a) the ISDA Fallback Rate; and

(b) the Benchmark Replacement Adjustment; or

(iii) the sum of:

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

(b) the Benchmark Replacement Adjustment;

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

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

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

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

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

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

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

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

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

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

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

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

"**ISDA Definitions**" means (i) if "2006 ISDA Definitions" is specified in the applicable Pricing Supplement, the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"); or (ii) if "2021 ISDA Definitions" is specified in the applicable Pricing Supplement, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions, including any Matrices referred to therein;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) **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, 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, make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, the Guarantor, each of the Paying Agents, each of the Transfer Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information as soon as possible after their determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, 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 5 but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(j) **Definitions**: In these Conditions (other than in Condition 5(b)(iii)(C) and this Condition 5(b)(v)), unless the context otherwise requires, the following defined terms shall have the meanings set out below:

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

(i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

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

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

(iv) (if the Independent Adviser determines that no such industry standard is recognised or acknowledged) the Independent Adviser determines to be appropriate 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).

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

"**Applicable Maturity**" means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

"**Benchmark Amendments**" has the meaning given to it in Condition 5(b)(iv)(aa).

"**Benchmark Event**" means:

(i) the Original Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or

(ii) a public statement by the administrator of the Original Reference Rate that (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the "**Specified Future Date**"); 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, by a specified future date (the "**Specified Future Date**"), 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, by a specified future date (the "**Specified Future Date**"), be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally, or in respect of the Notes; or

(v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be, by a specified future date (the "**Specified Future Date**"), no longer representative of its relevant underlying market; or

(vi) it has, or will by a specified date within the following six months, become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (ii), (iii), (iv) or (v) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such Specified Future Date.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Trustee, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Trustee, the Calculation Agent nor the Paying Agents or any other Agent shall have any responsibility for making such determination and none of them shall be liable to Noteholders of any other person for any such determination.

"**Business Day**" means:

(i) in the case of Notes denominated in a currency other than euro or Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and in each (if any) Additional Business Centre; and/or

(ii) in the case of Notes denominated in euro, any day on which T2 is open for the settlement of payments in euro (a "**TARGET Business Day**") and in each (if any) Additional Business Centre; and/or

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

"**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:

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

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,

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

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

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

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

where:

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

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

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

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(b)(iii)(E) or 5(b)(iv)(x);

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

"**Interest Amount**" means:

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

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

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

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

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

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

"**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 of interest payable from time to time in respect of the Notes and that is either specified or calculated in accordance with the provisions hereon;

"**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;

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

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

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

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

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

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

6 Redemption, Purchase and Options

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

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

(b) **Early Redemption**:

(i) *Zero Coupon Notes*:

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, 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(e) or Condition 6(f) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

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

Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c), Condition 6(e) or Condition 6(f) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above of this Condition 6(b)(i), except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

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

(ii) *Other Notes*: The Early Redemption Amount payable in respect of any Note (other than Notes described in Condition 6(b)(i) above), upon redemption of such Note pursuant to Condition 6(c), Condition 6(e) or Condition 6(f) or upon it becoming due and payable as provided in Condition 9, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) **Redemption for Taxation Reasons**: The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Noteholders in accordance with Condition 16 (which such notice shall be irrevocable) and in writing to the Trustee and the Issuing and Paying Agent at their Early Redemption Amount (Tax) together with interest accrued up to but excluding the date fixed for redemption, if the Issuer and/or the Guarantor (as the case may be) satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, **provided that** no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Prior to the giving of any Tax Redemption Notice pursuant to this Condition 6(c), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (A) a certificate in English signed by any Authorised Signatory of the Issuer (or by any Authorised Signatory of the Guarantor, as the case may be) stating that the obligation referred to in Condition 6(c) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and (B) an opinion, addressed to and in form and substance satisfactory to the Trustee, of independent tax or legal advisers of recognised standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendments. The Trustee shall be entitled (but shall not be obliged) to accept and rely upon such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(c), in which event they shall be conclusive and binding on the Noteholders, Receiptholders and Couponholders.

(d) **Redemption for Relevant Events**: If Redemption for Relevant Events is specified hereon, at any time following the occurrence of a Relevant Event, the holder of any Note will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Notes on the Put Settlement Date (as defined below) at the Early Redemption Amount (Change of Control) or the Early Redemption Amount (No-Registration Event), together with accrued interest up to but excluding such Put Settlement Date. In order to exercise such right, the holder of the relevant Note must deposit (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 Certificates representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent, Transfer Agent or the Registrar (as applicable) (a "**Put Exercise Notice**") by not later than 30 days following the occurrence of a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 16. The "**Put Settlement Date**" shall be the fourteenth day (in the case of a redemption for a Change of Control) or the fifth day (in the case of a redemption for a No-Registration Event) after the expiry of such period of 30 days as referred to above.

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

The Issuer shall give notice to the Noteholders (in accordance with Condition 16) and to the Trustee and the Issuing and Paying Agent in writing by not later than 14 days following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by the Noteholders of their rights to require redemption of the Notes pursuant to this Condition 6(d).

Neither the Trustee nor the Agents shall be required to monitor or take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred and none of them shall be liable to any Noteholders or any other person for not doing so. The Trustee shall not be required to investigate or verify the accuracy, content, completeness or genuineness of any document provided to it by the Issuer or the Guarantor or any other person as part of or in connection with or to enable satisfaction of the Registration Conditions, and may rely conclusively on any such document, and shall not be responsible for or liable to the Noteholders, the Receiptholders, the Couponholders, the Issuer, the Guarantor or any other person for any loss or liability arising from any failure to do so.

For the purposes of these Conditions:

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

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

(ii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor's assets to any person or persons, acting together, other than any of the Guarantor or any of its Subsidiaries; or

(iii) any Person or Persons, acting in concert, acquires Control directly or indirectly or in combination (through Subsidiaries) of the Guarantor, other than where Control is acquired by SASAC or its local counterparts or its successor or entities controlled (directly or indirectly) by SASAC or its local counterparts, or any Person directly or indirectly controlled by The Central People's Government of the PRC or any local government of the PRC;

"**Control**" means (i) the ownership, acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of the Guarantor, or (ii) the right to appoint and/or remove all or the majority of the members of the Guarantor's board of directors (excluding independent directors) or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise, or (iii) the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of the Guarantor and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing;

"**Early Redemption Amount (Change of Control)**" means, in respect of any Note, 101 per cent. of its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Early Redemption Amount (No-Registration Event)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

a "**No-Registration Event**" occurs when the Registration Conditions are not satisfied in full on or before the Registration Deadline;

a "**Person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state, agency of a state (in each case whether or not being a separate legal entity);

"**Registration Conditions**" means the receipt by the Trustee of (in the case where Condition 4(a)(ii) applies) the Registration Documents or (in the case where Condition 4(a)(iii) applies) the SAFE Registration Documents;

a "**Relevant Event**" means a Change of Control or a No-Registration Event; and

"**SASAC**" means the State-owned Assets Supervision and Administration Commission of the PRC or its successor.

(e) **Redemption at the Option of the Issuer**: If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (in accordance with Condition 16) and in writing to the Trustee and the Issuing and Paying Agent (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date specified hereon. Any such redemption of Notes shall be at their Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued to (but excluding) the date fixed for redemption, if applicable. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

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

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as determined by the Issuer and notified in writing to the Trustee and the Issuing and Paying Agent, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

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

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

(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**: The Guarantor, the Issuer, 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 Guarantor, the Issuer 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 (as defined in the Trust Deed), *inter alia*, for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 12(a) and 14.

(i) **Cancellation**: All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries shall 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, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

7 Payments and Talons

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

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

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

In this Condition 7(a) and 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 T2 or, in the case of Renminbi, in Hong Kong.

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 (as defined in the Agency Agreement) 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 and premium (if any) (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 Notes denominated in a currency other than Renminbi, in the relevant currency by transfer to an account in the relevant currency maintained by the payee with a Bank; and

(B) in the case of Notes denominated in Renminbi, by transfer to 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.

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

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 are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives 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, as amended (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, regulation or official guidance implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders, Receiptholders or Couponholders in respect of such payments.

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

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7(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), 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, 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 relevant 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 on any business day in the location of 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-Payment 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 Payment Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, "**Payment Business Day**" means a day (other than a Saturday, a Sunday or a public holiday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Additional Financial Centres**" hereon and:

(i) (in the case of a payment in a currency other than euro or 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.

For the purposes of any payments made in respect of a Global Note or a Global Certificate, the words "in the relevant place of presentation" shall not apply in the definition of "business day" in this Condition 7(h) (Non-Payment Business Days).

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, 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 imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or the PRC or, in each case, any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC at the rate of up to and including the applicable tax rate as at the date on which agreement is reached to issue the first Tranche of Notes (the "**Applicable Rate**"), the Issuer, or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Noteholders, Receiptholders or Couponholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

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

(i) *Other Connection*: held by or on behalf of a Noteholder, Receiptholder or Couponholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the British Virgin Islands or the PRC other than the mere holding of the Note, Receipt or Coupon; or

(ii) *Surrender More Than 30 Days after the Relevant Date*: where the relevant Note or Coupon or Receipt is presented (where presentation is required) for payment more than 30 days after the Relevant Date except to the extent that the Noteholder, Receiptholder or Couponholder would have been entitled to such Additional Tax Amounts on surrendering the Certificate representing such Note, Receipt or Coupon for payment on the last day of such period of 30 days; or

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

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

"**Relevant Date**" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders that, upon further surrender of the Certificate representing such Note, Receipt or Coupon being made in accordance with these Conditions, such payment will be made, **provided that** payment is in fact made upon such surrender.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for (A) determining whether the Issuer, the Guarantor or any Noteholder, Receiptholder or Couponholder is liable to pay any taxes, duty, charges, withholding or other payment referred to in this Condition 8; or (B) determining the sufficiency or insufficiency of any amounts so paid. None of the Trustee or the Agents shall be responsible or liable for any failure by the Issuer, the Guarantor, any Noteholder, Receiptholder or Couponholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Note, Receipt or Coupon without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

9 Events of Default

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

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

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

(b) **Breach of Other Obligations**: the Issuer or the Guarantor does not perform or comply with any one or more of their respective other obligations under the Notes (other than where it gives rise to a redemption pursuant to Condition 6(d)), the relevant Deed of Guarantee or the Trust Deed and such default (i) is in the opinion of the Trustee incapable of remedy or, (ii) being a default which in the opinion of the Trustee is capable of remedy, remains unremedied for 30 days after the Trustee has given written notice thereof to the Issuer or the Guarantor, as the case may be; or

(c) **Cross-Acceleration**: (i) any other present or future indebtedness of the Issuer, the Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer, the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred equals or exceeds U.S.$50,000,000 (or its equivalent in any other currency or currencies); or

(d) **Enforcement Proceedings**: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or any material part of the property, assets or revenues of the Issuer, the Guarantor or any of their respective Material Subsidiaries and is not discharged within 60 days; or

(e) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor or any of the Material Subsidiaries in respect of all or a material part of its assets becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged within 45 days; or

(f) **Insolvency**: the Issuer or the Guarantor or any of the Material Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer or the Guarantor or any of the Material Subsidiaries; or

(g) **Winding-up**: an order of any court of competent jurisdiction is made or an effective resolution is passed for the winding-up or dissolution of the Issuer or the Guarantor or any of the Material Subsidiaries, or the Issuer or the Guarantor or any of the Material Subsidiaries ceases or threatens to cease to carry on all or a substantial part of its business or operations, except (i) for the purpose of and followed by a solvent winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation (A) on terms approved by an Extraordinary Resolution of the Noteholders, or (B) in the case of a Material Subsidiary, whereby the undertaking and assets of such Material Subsidiary are transferred to or otherwise vested in the Issuer or the Guarantor (as the case may be) or another of the Guarantor's Subsidiaries or (ii) a disposal of a Material Subsidiary of the Guarantor on an arm's length basis where the proceeds (whether in cash or otherwise) resulting from such disposal is vested in the Issuer, the Guarantor or any of their respective Subsidiaries in any combination; or

(h) **Nationalisation**: any step is taken by any person with a view to the seizure, compulsory acquisition or expropriation of all or any part of the assets of the Issuer, the Guarantor or any of the Material Subsidiaries, provided that the value of the assets subject to such seizure, compulsory acquisition or expropriation, individually or in the aggregate, exceeds 50 per cent. of the consolidated total assets of the Guarantor as determined based on the latest audited consolidated balance sheet of the Guarantor published from time to time; or

(i) **Authorisation and Consents**: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable each of the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Notes, the relevant Deed of Guarantee and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes, the relevant Deed of Guarantee, the Coupons, the Register, the Receipts and the Trust Deed admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or

(j) **Illegality**: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of their respective obligations under any of the Notes, the relevant Deed of Guarantee, the Coupons, the Receipts or the Trust Deed; or

(k) **Unenforceability of Guarantee**: the relevant Guarantee becomes unenforceable or invalid or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by the Guarantor; or

(l) **Analogous Events**: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in Conditions 9(d) to 9(g) (both inclusive).

In this Condition 9, "**Material Subsidiary**" means any Subsidiary of the Issuer or the Guarantor:

(i) whose total revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total revenue, as shown by its latest audited financial statements are at least five per cent. of the consolidated revenue as shown by the latest audited consolidated financial statements of the Guarantor; or

(ii) whose operating profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated operating profit, as shown by its latest audited financial statements are at least five per cent. of the consolidated operating profit as shown by the latest audited consolidated financial statements of the Guarantor including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

(iii) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited financial statements are at least five per cent. of the amount which equals the amount included in the consolidated total assets of the Guarantor as shown by the latest audited consolidated financial statements of the Guarantor including, for the avoidance of doubt, the investment of the Guarantor in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Guarantor and after adjustment for minority interests; or

(iv) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Material Subsidiary, **provided that** (A) the Material Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Material Subsidiary and the Subsidiary to which the assets are so transferred shall forthwith become a Material Subsidiary and (B) on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Guarantor prepared as of a date later than such transfer are issued, whether such transferor Subsidiary or transferee Subsidiary is or is not a Material Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraphs (i), (ii) or (iii) above of this definition;

provided that, in relation to paragraphs (i), (ii) and (iii) above of this definition:

(i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

(ii) if at any relevant time in relation to the Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, total revenue, operating profit or total assets of the Guarantor and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Guarantor;

(iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total revenue, operating profit or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Guarantor; and

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

10 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 (subject as provided in Condition 7(f)(i)) be prescribed and become void unless made within 10 years (in the case of principal or premium (if any)) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is mutilated or defaced or is alleged to have been lost, stolen 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, the Issuing and Paying Agent and/or the Registrar 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.

12 Meetings of Noteholders, Modification and Waiver

(a) **Meetings of Noteholders**: The Trust Deed contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Agency Agreement or the relevant Deed of Guarantee. Such a meeting may be convened by the Trustee, the Issuer or the Guarantor and shall be convened by the Trustee upon request in writing from Noteholders holding not less than 10 per cent. in aggregate principal amount of the Notes for the time being outstanding and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal 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 principal amount of, or any Instalment Amount of, or any Early Redemption Amount in respect of, or any premium payable in respect of, or interest, 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 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, or (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 relevant Deed of Guarantee (other than as provided in Condition 12(b), in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the 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 (x) in writing signed by or on behalf of the holders of not less than 75 per cent. in aggregate principal amount of the Notes for the time being outstanding, or (y) 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.

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, Receiptholders or Couponholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the relevant Deed of Guarantee that, in its opinion, is of a formal, minor or technical nature or is made to correct a manifest error or 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, or any failure to comply with, any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the relevant Deed of Guarantee that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders, Receiptholders and the Couponholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer, failing whom, the Guarantor, to the Noteholders as soon as practicable thereafter. In addition, the Trustee shall be obliged to concur with the Issuer in effecting any Benchmark Amendments in the circumstances set out in Condition 5(b)(iii)(C) without the consent of the Noteholders, Receiptholders or Couponholders.

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

(d) **Certificates and Reports**: The Trustee may rely conclusively and without liability to Noteholders on any information from the Rating Agency and on any report, confirmation or certificate from or any advice or opinion of any legal advisers, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such information, report, confirmation, certificate, advice or opinion and, in such event, such information, report, confirmation, certificate, advice or opinion shall be binding on the Issuer, the Guarantor and the Noteholders.

13 Further Issues

The Issuer may from time to time without the consent of the Noteholders, Receiptholders or Couponholders create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the Issue Date, the issue price, the first payment of interest on them, the timing for submission of the NDRC Post-issuance Filing (if applicable) and the completion of the Cross-Border Security Registration and for making relevant subsequent notifications to the Trustee and the Noteholders thereof) and so that such further issue shall be consolidated and form a single series with the outstanding Notes. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 13. However, such further securities may only be issued if such supplemental documents and/or additional documents are executed and further opinions are obtained as the Trustee may require.

14 Enforcement

At any time after the Notes become due and payable, the Trustee may (but shall not be obliged to), at its discretion and without further notice, take such steps and/or actions and/or institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Notes, the Receipts, the Coupons and/or the relevant Deed of Guarantee, but it need not take any such steps and/or actions and/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 Noteholder, Receiptholder and/or Couponholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

15 Indemnification of the Trustee

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

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

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 and/or the Guarantor in relation to the Notes of the duties and obligations on their part expressed in respect of the same in these Conditions or under the Trust Deed, the Agency Agreement and/or the relevant Deed of Guarantee and, unless it has written notice from the Issuer or the Guarantor to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Noteholder, Receiptholder, Couponholder, the Issuer, the Guarantor or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Noteholders. The Trustee shall be entitled to rely on any direction, request or resolution of Noteholders given by holders of the requisite principal 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 ascertain whether any Event of Default, Potential Event of Default or Relevant Event has occurred or to monitor compliance by the Issuer or the Guarantor with the provisions of the Trust Deed, the Agency Agreement, the relevant Deed of Guarantee or these Conditions, and none of them shall be liable to the Noteholders, Receiptholders, Couponholders or any other person for not doing so.

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

16 Notices

Notices required to be given to the holders of Registered Notes pursuant to these Conditions shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and, so long as the Notes are listed on a stock exchange and the rules of that exchange so require, published at the expense of the Issuer, failing whom the Guarantor, in a daily newspaper of general circulation in Asia (which is expected to be the Asian Wall Street Journal) and/or in such manner which complies with the rules and regulations of that stock exchange or such relevant authority. Notices required to be given to the holders of Bearer Notes pursuant to these Conditions shall be valid if published in a daily newspaper of general circulation in Asia (which is expected to be the Asian Wall Street Journal). If any such publication is not practicable, notices required to be given pursuant to these Conditions 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.

Receiptholders and Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 16.

So long as the Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of (i) Euroclear 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 second business day preceding the date of despatch of such notice as holding interests in the relevant Global Note or Global Certificate.

17 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Receipt or Coupon is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer, the Guarantor or otherwise) by any Noteholder, Receiptholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note, Receipt or Coupon that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Receipt or Coupon, the Issuer and the Guarantor jointly and severally shall indemnify it against any loss sustained by it as a result. In any event, the Issuer and the Guarantor jointly and severally shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 17, it shall be sufficient for the Noteholder, Receiptholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the other obligations of the Issuer and the Guarantor, respectively, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder, Receiptholder or Couponholder and shall continue to be in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Receipt or Coupon or any other judgment or order.

18 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 but this shall not affect any right or remedy which exists or is available apart from such Act.

19 Governing Law and Jurisdiction

(a) **Governing Law**: The Notes, the Receipts, the Coupons and the Talons, the relevant Deed of Guarantee, the Agency Agreement and the Trust Deed and any non-contractual obligations arising out of or in connection with them, are all governed by and shall be construed in accordance with English law.

(b) **Jurisdiction**: The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts, the Coupons or the Talons, the relevant Deed of Guarantee, the Agency Agreement or the Trust Deed and accordingly any legal action or proceedings arising out of or in connection with the Notes, the Receipts, the Coupons or the Talons, the relevant Deed of Guarantee, the Agency Agreement or the Trust Deed ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor has irrevocably submitted to the jurisdiction of such courts.

(c) **Service of Process**: Pursuant to the Trust Deed, the Issuer has irrevocably appointed the Guarantor (currently at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong) to receive service of process in any Proceedings in Hong Kong based on the Notes, the Trust Deed and the relevant Deed of Guarantee.

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

SUMMARY OF PROVISIONS RELATING TO THE 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 Hong Kong Monetary Authority (the "**HKMA**") as operator of 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 HKMA as operator of the CMU or registration of Registered Notes in the name of (i) any nominee of the Common Depositary 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 HKMA as operator of the CMU (as the case may be), Euroclear or Clearstream or the CMU (as the case may be) will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

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

RELATIONSHIP OF ACCOUNTHOLDERS WITH CLEARING SYSTEMS

Save as provided in the following paragraph, each of the persons shown in the records of Euroclear, Clearstream or any other clearing system (an "**Alternative Clearing System**") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer or the Guarantor 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 or the Guarantor 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 or the Guarantor 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 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 or the Guarantor 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 principal amount of Notes represented by such Global Note or Global Certificate must look solely to the CMU for his share of each payment so made by the Issuer in respect of such Global Note or Global Certificate.

EXCHANGE

Temporary Global Notes

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

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

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

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

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

In respect of a Note issued under TEFRA D, for the purpose of dealing in Euroclear or Clearstream or the CMU, any further issue of Notes by the Issuer pursuant to Condition 13 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 in the paragraph titled "Partial Exchange of Permanent Global Notes" below, in part for Definitive Notes if the Permanent Global Note is held on behalf of Euroclear, Clearstream, the CMU or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

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

Global Certificates

The following will apply in respect of transfers of Notes held in Euroclear, Clearstream, the CMU or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system. Transfer of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

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

Partial Exchange of Permanent Global Notes

For so long as a Permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if so provided in, and in accordance with, the Terms and Conditions of the Notes (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.

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 principal 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 principal 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, where appropriate, Talons) in respect of interest or/and Receipts in respect of Instalment Amounts that have not already been paid on the Global Note).

Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements 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 first day following 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, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) is located and (where relevant) in the city in which the relevant clearing system is located.

Amendment to the Terms and Conditions of the Notes

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

Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Notes is improperly withheld or refused.

Payments on any Temporary Global Note issued in compliance with TEFRA D before the Exchange Date will only be made against 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. 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. 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 "**Payment Business Day**" set out in Condition 7(h) of the Terms and Conditions of the Notes but (in the case of Notes lodged with the CMU) shall also require such day to be a day (other than a Saturday, Sunday or public holiday) on which the CMU is operating.

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January or, in the case of Notes lodged with the CMU, a day on which the CMU is operating and open for business.

In respect of a Global Note or Global Certificate representing Notes held through the CMU, any payments of principal or interest or any other amount shall be made to the person(s) for whose account(s) interests in the relevant Global Note or Global Certificate are credited (as set out in the records of the CMU) at the close of business on the Clearing System Business Day immediately prior to the date for payment and, save in the case of final payment, no presentation of the relevant bearer Global Note or Global Certificate shall be required for such purpose. For the purposes of this paragraph, "**Clearing System Business Day**" means a day on which the CMU is operating and open for business.

Prescription

Claims in respect of principal and interest in respect of Notes that are represented by a Permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8 of the Terms and Conditions of the Notes).

Meetings

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

Cancellation

Cancellation of any Note represented by a Permanent Global Note that is required by the Terms and Conditions of the Notes to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Permanent Global Note or its presentation to or to the order of the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) for endorsement in the relevant schedule of such Permanent Global Note, 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 may only be purchased by the Issuer, the Guarantor or any of their respective subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

Issuer's Option

Any option of early redemption of the Issuer provided for in the Terms and Conditions of the Notes 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 Terms and Conditions of the Notes, 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 Alternative Clearing System (as the case may be).

Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes, while such Notes are represented by a Global Note or Global Certificate and such Global Note or Global Certificate is held by or on behalf of a clearing system, may be exercised by (i) the holder giving notice to any of the Paying Agents, or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent within the time limits in respect of which the option is exercised and presenting the Global Note or Global Certificate for endorsement or exercise (if required) or (ii) a holder of a book-entry interest in the Notes represented by the Global Note or Global Certificate delivering to any of the Paying Agents, or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent the relevant exercise notice, duly completed by or on behalf of such holder (on appropriate proof of its identity and interest), in each case within the time limits specified in the Conditions and otherwise in accordance with the rules and procedures of the relevant clearing system. In the case of (ii) above, deposit of the Global Note or Global Certificate with any of the Paying Agents, or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent together with such exercise notice shall not be required.

Notices

Notices required to be given in respect of the Notes represented by a Global Note or Global Certificate may be given by their being delivered, (i) except as provided in (ii) below (so long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system) to Euroclear, Clearstream or such other clearing system, as the case may be, 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 Global Certificate or (ii) (so long as the Global Certificate is held on behalf of the CMU) to the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the CMU in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate, and any such notice shall be deemed to have been given to the Noteholders on the day on which such notice is delivered to the CMU.

PARTLY PAID NOTES

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a Permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holders in respect of them.

FORM OF PRICING SUPPLEMENT

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

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

[**UK MiFIR product governance/Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom 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*][1]. 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.]

[**PRIIPs REGULATION – PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II[.] /[; or] (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**")][2]. 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.]

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1 The ICMA proposed proportionate "professional investors" only product governance approach envisages that a negative target market will be unlikely. At the time of the programme establishment/update, consider what types of bonds may be issued and whether the flexibility to include a negative target market may be needed for a particular issuance. Note that a programme which only envisages vanilla issuance (this will be the majority of the deals we do in Asia) is unlikely to require a negative target market placeholder. If a negative target market is deemed necessary, wording along the following lines could be included: "The target market assessment indicates that Notes are incompatible with the needs, characteristic and objectives of clients which are [fully risk averse/have no risk tolerance or are seeking on-demand full repayment of the amounts invested]."

2 Paragraph (iii) is not required where the Notes have a denomination of at least €100,000 or equivalent.

[**UK PRIIPs REGULATION – PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**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 of the UK by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK 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 of the UK by virtue of the EUWA][2]. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the UK 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 Securities and Futures Act 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**"), 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, 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.][4]

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

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 Hong Kong Stock Exchange 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.

The Hong Kong Stock Exchange has not reviewed the contents of this Pricing Supplement, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Pricing Supplement to Professional Investors only have been reproduced in this Pricing Supplement. Listing of the Programme or the Notes on the Hong Kong

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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.

4 To be included if paragraph 21 of the SFC Code applies to this issuance.

Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Issuer (as defined below), Guotai Junan Securities Co., Ltd. (国泰君安证券股份有限公司) (the "Guarantor", together with its subsidiaries, the "Group"), the Group, the Programme (as defined below), the Notes (as defined below) or quality of disclosure in this Pricing Supplement. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Pricing Supplement, 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 Pricing Supplement.

This Pricing Supplement, together with the Offering Circular (as defined below), includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Pricing Supplement 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.][5]

Pricing Supplement dated [●]

Guotai Junan Holdings Limited 國泰君安控股有限公司

Legal entity identifier (LEI): 254900LPP2WWVAHJTP31

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

Guaranteed by

Guotai Junan Securities Co., Ltd.
(国泰君安证券股份有限公司)

under the U.S.$3,000,000,000 Medium Term Note Programme (the "Programme")

[Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer.][6]

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

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Offering Circular dated [●] 2024 [and the supplement to it dated [●]] ([together], the "**Offering Circular**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of the Offering Circular and this Pricing Supplement.

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5 Applicable for Notes to be listed on the Hong Kong Stock Exchange only.

6 Delete this language from the pricing supplement if the "Prohibition of Sales to EEA Retail Investors" legend is included in the pricing supplement (because the Notes potentially constitute "packaged" products and no key information document will be prepared) and the "Prohibition of Sales to EEA Retail Investors" is specified to be "Applicable".

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

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

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

1	(i)	Issuer:	Guotai Junan Holdings Limited 國泰君安控股有限公司
	(ii)	Guarantor:	Guotai Junan Securities Co., Ltd. (国泰君安证券股份有限公司)
2	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●]
	(iii)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [identify earlier Tranches] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 33 below, which is expected to occur on or about [date]]/[Not Applicable]
3	Specified Currency or Currencies:		[●]
4	Aggregate Principal Amount:		
	(i)	Series:	[●]
	(ii)	Tranche:	[●]
5	(i)	Issue Price:	[●] per cent. of the Aggregate Principal Amount [plus accrued interest from *[insert date] (if applicable)]*
	(ii)	[Net proceeds:	[●]] *[Delete for unlisted issuances.]*
	(iii)	[Use of Proceeds	[●]]
6	(i)	Specified Denominations:	[●][7]
	(ii)	Calculation Amount:	[●]

7 Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA and which have a maturity of less than one year and must have a minimum redemption value of £100,000 (or its equivalent in other currencies). If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the additional wording as follows: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No notes in definitive form will be issued with a denomination above €199,000."

7	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[*specify*/Issue Date/Not Applicable]
8	Maturity Date:	[*Fixed rate – specify date/Floating rate* – Interest Payment Date falling in or nearest to *[specify month and year]*][8]
9	Interest Basis:	[[●] per cent. Fixed Rate] [[EURIBOR/HIBOR/CNH HIBOR/SOFR] +/- [●] per cent. Floating Rate] [Zero Coupon] [Dual Currency] *[specify other]* (further particulars specified below)
10	Redemption/Payment Basis:	[Redemption at par] [Dual Currency Redemption] [Partly Paid] [Instalment] *[specify other]*
11	Change of Interest Basis or Redemption/Payment Basis:	*[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]* [Not Applicable]
12	Put/Call Options:	[Investor Put][9] [Issuer Call] [(further particulars specified below)] [Not Applicable]
13	Rating Maintenance Covenant (Condition 4(b)):	[Applicable/Not Applicable]
14	(i) Date of [Board] approval for issuance of Notes and Guarantee obtained:	[●] [and [●], respectively] *(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)*
	(ii) Regulatory approval for issuance of Notes obtained:[10]	[[●]/None required] [Date] *(N.B. Only relevant where registration with the NDRC is required for the particular tranche of Notes)*

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

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

10 If pre-issue registration with the NDRC is required, the date of the NDRC Pre-issuance Registration Certificate should be included.

15	Listing:	[Hong Kong Stock Exchange/specify other/None] *(For Notes to be listed on the Hong Kong Stock Exchange, insert the expected effective listing date of the Notes)*
16	Method of distribution:	[Syndicated/Non-syndicated]

Provisions Relating to Interest (if any) Payable

17	Fixed Rate Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
(i)	Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/other *(specify)*] in arrear]
(ii)	Interest Payment Date(s):	[●] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]* *(N.B.: This will need to be amended in the case of long or short coupons)*
(iii)	Fixed Coupon Amount(s):	[●] per Calculation Amount[11]
(iv)	Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
(v)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA/ISDA) or Actual/365 (Fixed)[12] or *[specify other]*]
(vi)	Determination Date(s):	[●] in each year *[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]* *(N.B.: This will need to be amended in the case of regular interest payment dates which are not of equal duration)* *(N.B.: Only relevant where Day Count Fraction is Actual/Actual (ICMA))*
(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/*Give details*]

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

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

18	Floating Rate Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Interest Period(s):	[●] [[, subject to adjustment in accordance with the Business Day Convention set out in (v) below] [, not subject to any adjustment [, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
(ii)	Specified Interest Payment Dates:	[●] in each year [[, subject to adjustment in accordance with the Business Day Convention set out in (v) below] [, not subject to any adjustment [, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
(iii)	Interest Period Date:	[Not Applicable]/[●][in each year [, subject to adjustment in accordance with the Business Day Convention set out in (v) below] [, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]] *(Not applicable unless different from Interest Payment Date)*
(iv)	First Interest Payment Date:	[●]
(v)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*(specify other)*]
(vi)	Additional Business Centre(s):	[●]
(vii)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/*specify other*]
(viii)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Issuing and Paying Agent):	[The Bank of New York Mellon, London Branch/*(if other give details)*]
(ix)	Screen Rate Determination (other than SOFR):	
	• Reference Rate:	[●] *(Either EURIBOR, HIBOR, CNH HIBOR or other, although additional information is required if other — including fallback provisions in the Agency Agreement)*

•	Interest Determination Date(s):	[●] *(Second London business day prior to the start of each Interest Accrual Period if the Specified Currency is neither Sterling nor euro nor Hong Kong dollars nor Renminbi, second Hong Kong business day prior to the start of each Interest Accrual period if the Specified Currency is Renminbi and CNH HIBOR, first day of each Interest Accrual Period if the Specified Currency is Sterling, Hong Kong dollars or Renminbi other than where the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR and the day falling two TARGET Business Days prior to the start of each Interest Period if euro)*
•	Relevant Screen Page:	[●] *(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
(x)	Screen Rate Determination (SOFR):	[Applicable/Not Applicable]
•	Reference Rate:	SOFR Benchmark – [Simple SOFR Average/Compounded SOFR Average/SOFR Compounded Index]
•	Compounded SOFR Average Method:	[Not Applicable/SOFR Observation Lag/SOFR Observation Shift/SOFR Payment Delay/SOFR Lockout – *used for Compounded SOFR Average only*]
•	SOFR Index $_{Start}$:	[Not Applicable]/[[●] U.S. Government Securities Business Days – *used for SOFR Compounded Index only*]
•	SOFR Index $_{End}$:	[Not Applicable]/[[●] U.S. Government Securities Business Days – *used for SOFR Compounded Index only*]
•	Interest Determination Date(s):	[The [●] U.S. Government Securities Business Day prior to the last day of each Interest Accrual Period – only applicable in the case of Simple SOFR Average/SOFR Observation Lag/SOFR Observation Shift/SOFR Lockout/SOFR Compounded Index] [The Interest Period Date at the end of each Interest Period, provided that the Interest Determination Date with respect to the final Interest Accrual Period will be the U.S. Government Securities Business Day immediately following the relevant SOFR Rate Cut-Off Date – *only applicable in the case of SOFR Payment Delay*]
•	Lookback Days:	[[●] U.S. Government Securities Business Days – *used for SOFR Lag only*]/[Not Applicable]

•	SOFR Observation Shift Days:	[[●] U.S. Government Securities Business Days – *used for the SOFR Observation Shift or SOFR Compounded Index only*]/[Not Applicable]
•	SOFR Rate Cut-Off Date:	[The date falling [●] Business Days prior to the end of each Interest Accrual Period, the Maturity Date or the date fixed for redemption, as applicable – *used for only Simple SOFR Average (if applicable), Compounded SOFR Average – SOFR Payment Delay or SOFR Lockout only*]/[Not Applicable]
•	Interest Payment Delay Days:	[[●] Business Days – *used for SOFR Payment Delay only*]/[Not Applicable]
•	SOFR Index Unavailable:	[Not Applicable/Compounded SOFR formula]
•	Observation Shift Days:	[[●] U.S. Government Securities Business Days – *used for SOFR Index Unavailable only*]/[Not Applicable]
(xi)	ISDA Determination:	
•	ISDA Definition:	[2006 ISDA Definitions]/[2021 ISDA Definitions]
•	Floating Rate Option:	[●]
•	Designated Maturity:	[●]
•	Reset Date:	[●]
(xii)	Linear Interpolation:	[Note Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Accrual Period shall be calculated using Linear Interpolation *(specify for each short or long interest period)*]
(xiii)	Margin(s):	[+/-] [●] per cent. per annum
(xiv)	Minimum Rate of Interest:	[●] per cent. per annum
(xv)	Maximum Rate of Interest:	[●] per cent. per annum
(xvi)	Day Count Fraction:	[Actual/Actual or Actual/Actual (ISDA) Actual/365(Fixed) Actual/365(Sterling) Actual/360 30/360, 360/360 or Bond Basis 30E/360 or Eurobond Basis 30E/360 (ISDA) Other] *(See [Condition 5] for alternatives)*

	(xvii)	Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[Benchmark Event/Benchmark Transition Event /*specify if fallback provisions different from those set out in the Conditions*]
19	Zero Coupon Note Provisions		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Amortisation Yield:	[●] per cent. per annum
	(ii)	Day Count Fraction:	[●]
	(iii)	Any other formula/basis of determining amount payable:	[●]
20	Dual Currency Note Provisions		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Rate of Exchange/method of calculating Rate of Exchange:	*[give or annex details]*
	(ii)	Party, if any, responsible for calculating the principal and/or interest due (if not the Issuing and Paying Agent):	[Calculation Agent/*(specify other)*]
	(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	*[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
	(iv)	Person at whose option Specified Currency(ies) is/are payable:	[●]
	Provisions Relating to Redemption		
21	Call Option:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount/specify other/see Appendix]

	(iii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[●] per Calculation Amount
		(b) Maximum Redemption Amount:	[●] per Calculation Amount
	(iv)	Notice period (if other than as set out in the Conditions):	*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent or the Trustee)*
22	Put Option:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount/specify other/see Appendix]
	(iii)	Notice period (if other than as set out in the Conditions):	[●] A*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent or the Trustee)*
23	Final Redemption Amount:		[[●] per Calculation Amount/specify other/see Appendix]
24	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):		[Not Applicable] *(if each of the Early Redemption Amount (Tax), the Early Redemption Amount (Change of Control) and the Early Redemption Amount (No-Registration Event) are the principal amount of the Notes/specify the Early Redemption Amount (Tax), the Early Redemption Amount (Change of Control) and/or the Early Redemption Amount (No-Registration Event) if different from the principal amount of the Notes)*
25	Relevant Events Put		[Applicable/Not Applicable]

General Provisions Applicable to the Notes

26	Form of Notes:	[**Bearer Notes:** [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice[13]] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]] [**Registered Notes:** Global Certificate exchangeable for Individual Note Certificates in the limited circumstances described in the Global Certificate]
27	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/*give details*] *(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 17(iii) and 19(vii) relate)*
28	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
29	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details. N.B.: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues*]
30	Details relating to Instalment Notes:	
	(i) Instalment Amount(s):	[Not Applicable/*give details*]
	(ii) Instalment Date(s):	[Not Applicable/*give details*]
	(iii) Minimum Instalment Amount:	[●]
	(iv) Maximum Instalment Amount:	[●]

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

31	Redenomination applicable:	Redenomination [not] applicable [*(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))*]
32	Consolidation provisions:	[Not Applicable]/[The provisions annexed to this Pricing Supplement apply]
33	Other terms or special conditions:	[Not Applicable/*give details*]
	Distribution	
34	(i) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(ii) Date of Subscription Agreement	[●]
	(iii) Stabilisation Manager(s) (if any):	[Not Applicable/*give name*]
35	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name and address*]
36	U.S. Selling Restrictions:	[Reg. S Category 1/Category 2; TEFRA D/TEFRA C/TEFRA not applicable[14]]
37	Additional selling restrictions:	[Not Applicable/*give details*]
38	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] *(N.B. If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.)*
39	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable] *(N.B. If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.)*
	Operational Information	
40	Any clearing system(s) other than Euroclear, Clearstream and the CMU and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
41	Delivery:	Delivery [against/free of] payment

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

42	Additional Paying Agent(s) (if any):	[●]
43	(i) ISIN:	[●]
	(ii) Common Code:	[●]
	(iii) *(insert here any other relevant codes such as a CMU instrument number)*	[●]
44	The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of [●], producing a sum of (for Notes not denominated in U.S. dollars):	[Not applicable/U.S.$[●]]
45	Ratings:	The Notes to be issued have been rated: [[●]: [●]] [[●]: [●]] [[●]: [●]] *(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating)*

HONG KONG SFC CODE OF CONDUCT

46	Rebates:	[A rebate of [●] bps is being offered by the [Issuer] to all private banks for orders they place (other than in relation to [Bonds/Notes/Securities] 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 [Bonds/Notes/Securities] 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][15] [16]
47	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]

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

16 Language to be finalised at the time of issuance.

48	Marketing and Investor Targeting Strategy:	[*as indicated in the Offering Circular*] OR [*describe if different from the programme OC*]

[USE OF PROCEEDS

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

[STABILISATION

In connection with the issue of any Tranche of Notes, one or more of the Dealers named as Stabilisation Manager in this Pricing Supplement (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the Issue Date of the relevant Tranche of Notes. However, there is no obligation on the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager) to do this. Such stabilisation if commenced may be discontinued at any time, and must be brought to an end after a limited period. Such stabilisation shall be in compliance with all applicable laws, regulations and rules.]

[LISTING APPLICATION

This Pricing Supplement comprises the final terms required for the issue of Notes described herein pursuant to the U.S.$3,000,000,000 Medium Term Note Programme of Guotai Junan Holdings Limited 國泰君安控股有限公司.]

RESPONSIBILITY

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

Signed on behalf of the Issuer:	Signed on behalf of the Guarantor:
By:	By: ....
Duly authorised	Duly authorised

USE OF PROCEEDS

The net proceeds from each issue of the Notes will be used for the refinancing of existing debt obligations and for general corporate purposes of the Group in accordance with relevant NDRC and SAFE rules and their requirements. 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 Guarantor's consolidated capitalisation and indebtedness as at 31 December 2023. This table should be read in conjunction with the Audited Financial Statements and the accompanying notes, which are included elsewhere in this Offering Circular.

	As at 31 December 2023	
	Actual	
	(RMB'000)	(U.S.$'000)[(2)]
Current indebtedness		
Loans and borrowings	11,661,690	1,642,515
Short-term debt instruments	19,372,094	2,728,502
Bonds payable	32,443,108	4,569,516
Total current indebtedness	**63,476,892**	**8,940,533**
Non-current indebtedness		
Bonds payable	101,582,435	14,307,587
Total non-current indebtedness	**101,582,435**	**14,307,587**
Equity		
Share capital	8,904,611	1,254,188
Other equity instruments	19,918,679	2,805,487
Treasury shares	(361,484)	(50,914)
Reserves	80,001,204	11,267,934
Retained profits	58,506,243	8,240,432
Equity attributable to equity holders of the Company	166,969,253	23,517,127
Non-controlling interests	6,408,757	902,655
Total equity	**173,378,010**	**24,419,782**
Total capitalisation[(1)]	**338,437,337**	**47,667,902**

Notes:

(1) Total capitalisation equals the sum of the total current indebtedness, the total non-current indebtedness and the total equity.

(2) The translation of Renminbi amounts into U.S. dollar amounts has been made at the rate of RMB7.0999 to U.S.$1.00, the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 29 December 2023.

From time to time, the Guarantor may issue debt or other securities in various currencies and tenor depending on market conditions. There has been no material change in the Guarantor's capitalisation since 31 December 2023.

DESCRIPTION OF THE ISSUER

FORMATION

The Issuer is a BVI business company with limited liability incorporated under the BVI Business Companies Act, 2004 (as amended). It was incorporated in the British Virgin Islands on 3 March 2010. The Issuer is an indirectly wholly-owned subsidiary of the Guarantor.

As at the date of this Offering Circular, the Issuer is authorised to issue a maximum of 50,000 no par value shares of a single class and one share has been issued to Guotai Junan Financial Holdings Limited. None of the equity securities of the Issuer are listed or dealt on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought.

BUSINESS ACTIVITY

The Issuer was established pursuant to the unrestricted objects and powers set out in its memorandum of association. The Issuer does not directly sell any products or provide any services and has undertaken no business activities since the date of its incorporation, save for its previous holding of the shares of Guotai Junan International Holdings Limited (國泰君安國際控股有限公司), a limited liability company incorporated in Hong Kong in March 2010 the shares of which are listed on the HKSE (stock code: 1788), which has been transferred in whole to Guotai Junan Financial Holdings in September 2021, and other than entering into arrangements for the establishment and update of the Programme, the issue of notes under the Programme and any other activities reasonably incidental thereto.

FINANCIAL STATEMENTS

Under British Virgin Islands law, the Issuer is not required to publish condensed or annual financial statements. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep proper books of account as are necessary to give a true and fair view of the state of the Issuer's affairs and to explain its transactions. Effective from 1 January 2023, the Issuer is also required to file a financial annual return with its registered agent within nine months after the end of each year to which the financial annual return relates.

DIRECTORS AND OFFICERS

The directors of the Issuer as at the date of this Offering Circular are Fung YIM and Lebin XIE. The registered office of the Issuer is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, VG1110, Tortola, British Virgin Islands. The directors of the Issuer do not hold any shares or options to acquire shares of the Issuer. The Issuer does not have any employees.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is a long-term, consistent and across-the-board leader in the PRC securities industry, providing integrated financial services. Throughout the development of the PRC capital markets, the Group has weathered many industry cycles while forging ahead to establish itself as a comprehensive industry leader. The Group has maintained its leading position in the industry in terms of capital scale, profitability, business strength and risk management capabilities. As at 31 December 2023, the Guarantor has maintained a rating of "BBB+" by S&P and a rating of "Baa1" from Moody's with a stable outlook, which was the highest international rating amongst companies in the PRC securities industry.

The Group has a comprehensive and balanced combination of businesses, and its principal businesses rank at the top of the industry. In addition, the Group is committed to achieving quality growth and maintaining a balance between business scale, profitability and risk management. The Group has been granted the industry's highest regulatory rating of Class A Grade AA from the CSRC for 16 consecutive years from 2008 to 2023.

The Group's vision is to become an integrated financial services provider rooted in China with global coverage and strong influence. Leveraging its strong competitive advantage in the PRC, the Group aims to promote its internationalisation by building up its global network and international execution capabilities, so that it can meet its clients' demand for cross-border financial services. In recent years, the Group further clarified the goals, methods and tasks of building an "integrated service platform", promoted cross-line and cross-divisional collaboration in domestic and overseas markets, upgraded and built a Synergy 2.0 model, and achieved breakthroughs in key synergy businesses, while establishing the Guangdong-Hong Kong-Macao Greater Bay Area Collaborative Development Committee to strengthen regional synergy, as well as actively explored collaborative agile organisation, resulting in gradual improvement of the "customer-centric" integrated service system.

The Group derives its success from the consensus of its culture among its employees, and the continuous implementation of such culture:

Its Values: The Group regards its clients as its first priority and balances the interests of all stakeholders.

The Group prioritises its clients and aim to create value for them through its professional services. The Group believes that it can only further the interests of its Shareholders and employees through creating value for its clients. The Group also believes that the pursuit of long-term goals can lead to the achievement of short-term objectives, and the Group is committed to striking a balance between business scale and profitability.

Its Approach to Profession: The Group adopts a culture of risk management and excellence.

The Group believes that risk management creates value, and that future development relies on compliant operations. The Group seeks to identify the best people for all positions, and to provide the best quality services and deliver the best results to its clients.

Its People Culture: The Group is a people business and it promotes collaboration and co-operation.

The Group views its employees as the cornerstone of its survival and growth. The Group places strong emphasis on its culture and heritage. The Group gives its best employees opportunities for career advancements. Its people culture is based on both shared responsibilities and shared rewards.

Its Code of Conduct: The Group excels by innovation and cherishes its reputation.

The Group believes that innovation is the driver for its future growth and the key to a sustainable leading position. The Group actively practises a sound risk culture and takes forward-looking and pre-emptive actions. The Group cherishes its reputation, honours professional ethics, and commits to its status as a well-respected company. Its vision is to become an integrated financial services provider with roots in China, global coverage and strong influence.

For the years ended 31 December 2021, 2022 and 2023, the Group's total revenue and other income was RMB56,411.2 million, RMB49,086.9 million and RMB52,303.8 million, respectively, and the Group's profit attributable to equity holders of the Guarantor for the same periods was RMB15,013.5 million, RMB11,508.8 million and RMB9,374.1 million, respectively. As at 31 December 2023, the Group's total equity attributable to equity holders of the Guarantor and total assets was RMB166,969.3 million and RMB925,402.5 million, respectively.

The Group's principal business segments are as follows:

- **Wealth Management**: The Group's wealth management business segment primarily includes securities and futures brokerage, financial products, investment advisory, stock pledging, margin financing and securities lending services, agreed securities repurchase and other services to individual clients.

- **Institutional and Trading Business**: The Group's institutional and trading business segment primarily consists of research, institutional brokerage, trading and investment and equity investment, among which, institutional brokerage mainly provides prime brokers, seat leasing, custody outsourcing, QFII and other services to institutional clients; and the trading and investment business mainly includes investment transactions in stocks, fixed income, foreign exchange, large commodities and their derivative financial instruments, as well as providing integrated financial solutions for clients' investment, financing and risk management.

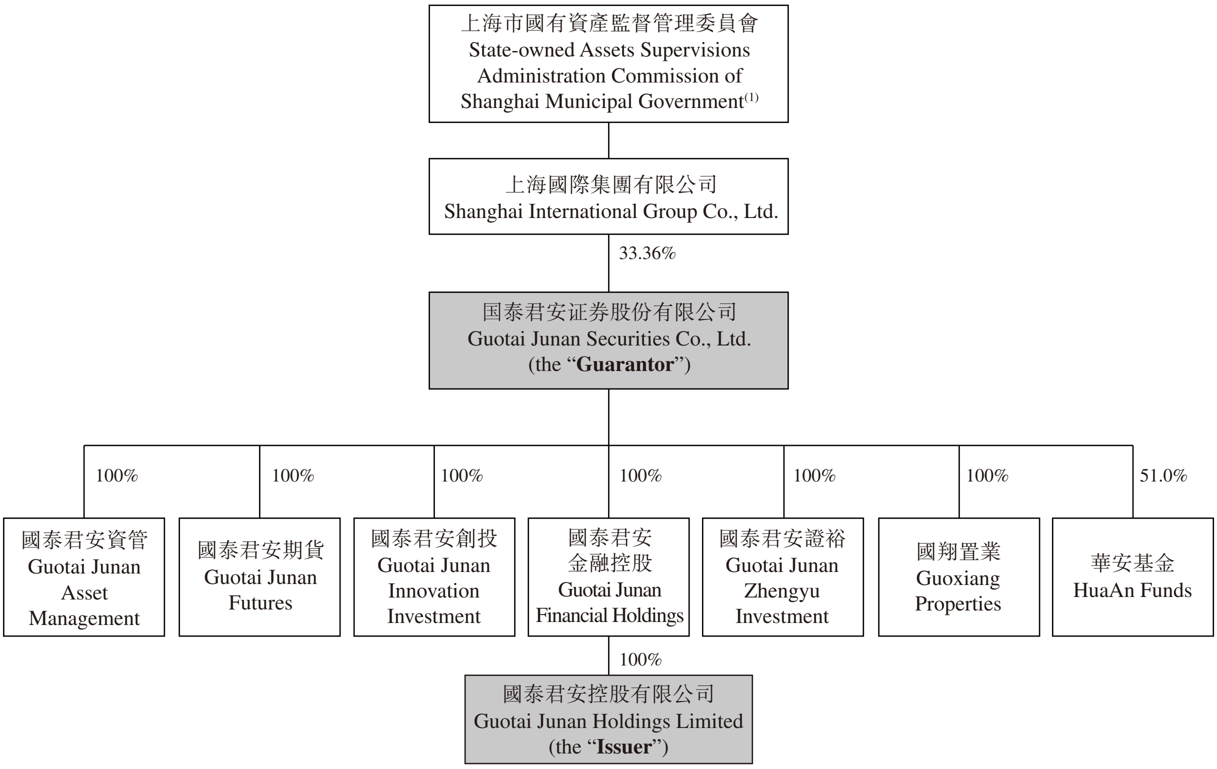
- **Investment Banking**: The Group's investment banking business mainly provides listing sponsorship, equity underwriting, debt underwriting, structured debt financing, M&A financial advisory and diversified corporate solutions to corporate and governmental clients.

- **Investment Management**: The Group's investment management business segment primarily includes asset management and fund management services to institutions and individuals.

- **International Business**: The Group conducted brokerage, corporate finance, asset management, loans and financing, financial products, market-making and investment business in Hong Kong, mainly through Guotai Junan International. The Group has also actively expanded presence into the United States, Europe, Southeast Asia and other regions.

GROUP STRUCTURE

The following chart provides an overview of the shareholding structure of the Group and key operating subsidiaries of the Guarantor as at 31 December 2023.



Note:

(1) Shanghai SASAC ultimately held 100 per cent. of the equity interest of International Group as at 31 December 2023.

HISTORY AND DEVELOPMENT

With the approval of the CSRC, the Group was founded in Shanghai as a joint-stock limited company on 18 August 1999 through the merger of Guotai Securities and Junan Securities. Guotai Securities and Junan Securities, the two predecessors of the Group, were established on 25 September 1992 in Shanghai and on 12 October 1992 in Shenzhen, respectively. The Group was established by 136 promotors, amongst whom the Shanghai Municipal Finance Bureau, Shenzhen Investment Management Co., Ltd. (深圳市投資管理公司) and State Electronic Power Corporation (國家電力公司) were the major promoters.

In October 2001, the Shanghai Municipal Finance Bureau transferred its entire 16.38 per cent. shareholding in the share capital of the Group to Shanghai State-owned Assets Operation Co., Ltd (上海國有資產經營有限公司) at nil consideration. In April 2007, Shenzhen Investment Management Co., Ltd. (深圳市投資控股有限公司) contributed its entire 11.15 per cent. shareholding in the share capital of the Group into the founding capital of Shenzhen Investment Holdings Co., Ltd. (深圳市投資控股有限公司) for its establishment. In June 2007, State Electronic Power Corporation (國家電力公司) transferred its 4.22 per cent. shareholding in the share capital of the Group to State Grid Corporation of China (國家電網公司) at nil consideration, and in April 2011 State Grid Corporation of China (國家電網公司) transferred its entire 4.22 per cent. shareholding in the share capital of the Group to Shanghai Municipal Investment (Group) Corporation (上海城投(集團)有限公司).

Milestone Events

The milestone events in the Group's development history are set out below:

1992	• Guotai Securities and Junan Securities, the predecessors of the Guarantor, were established in Shanghai and Shenzhen, respectively. Both companies were among the first batch of national large-scale integrated securities firms established in China.
1993	• The Group obtained its asset management licence, which was among the first in the industry.
1995	• The Group set up its securities business in Hong Kong, which was among the first in the industry.
1999	• The Group was founded and established through the merger of Guotai Securities and Junan Securities, with a registered capital of RMB3,727.18 million, and became the largest securities firm by asset size in China at that time.
2001	• The Group disposed of assets relating to the non-securities business and split into two independent companies, namely itself and Guotai Junan IM. The Group carried on its business operation as the continuing company and held the securities businesses related assets, and substantially increased the Guarantor's Net Capital through asset swaps, laying the foundation for future development.
2004	• The Group qualified as a primary dealer in the open market granted by PBOC and a market maker for the interbank bond market.
2005	• The Group passed the review by the SAC and became one of the pilot securities firms conducting innovative business.
	• The Group obtained support from the government in deepening the reform and establishing a modern financial enterprise system and received a capital injection of RMB1 billion from Central Huijin Investment Ltd.
2007	• The Group obtained direct investment qualification and IB stock index futures qualification, which was among the first in the industry.

2008 . . . .

- The Group received the regulatory rating of Class A Grade AA from the CSRC, and has maintained such rating record for 14 consecutive years since then.
- The Group was among the first batch of securities companies to obtain the financial futures settlement qualification, and was among the first in the industry to engage in QDII business.

2010 . . . .

- Guotai Junan International (stock code: 1788) became the first PRC-owned securities firm in Hong Kong to undergo an initial public offering and listing on the HKSE.

2012 . . . .

- International Group became the Group's Shareholder, and it directly and indirectly held 46.74 per cent. of the Guarantor's Shares.

2013 . . . .

- The Group became the first company to join the payment system of PBOC in the securities industry and started to implement innovative plans for integrated wealth management services.

2014 . . . .

- The Group acquired a 51 per cent. equity interest in Shanghai Securities to further expand the Guarantor's business scale.
- The Group became the first company to obtain the qualifications for sale and purchase of foreign exchange in the securities industry and subsequently obtained the China Interbank FX Market membership and derivatives membership qualifications. The Group then began to undertake transactions of spot sale and purchase of foreign exchange and RMB and foreign exchange related derivative business.

2015 . . . .

- The Group completed the initial public offering and listing of its A-Shares (stock code: 601211) on the Shanghai Stock Exchange, and was subsequently selected as one of the constituent stocks of the CSI 100 Index, SSE 50 Index, SSE 180 Index and CSI 300 Index.
- The Group was among the first batch of securities companies which were admitted into the independent accounting and auditing unit of PBOC, and commenced its free trade account business in the China (Shanghai) Pilot Free-Trade Zone.

2016 . . . .

- The Group summarised its 24 years of development history and refined it as the "Guotai Junan Consensus" to articulate its core values and corporate mission.

2017	•	In April 2017, with the approval of the CSRC and the HKSE, the Guarantor issued 1,040 million H-Shares through an initial public offering, and further issued 48.9338 million additional H-Shares upon the exercise of an over-allotment option. The registered capital of the Guarantor increased to RMB8,713.9338 million.
	•	As approved by the CSRC, the Guarantor publicly issued convertible bonds with an issuance size of RMB7 billion on 7 July 2017. The convertible bonds were listed on the Shanghai Stock Exchange on 24 July 2017 and can be converted into ordinary A-Shares of the Guarantor from 8 January 2018.
2018	•	The Guarantor received "Letter of Reply of CSRC regarding the Cross-border Business Related Matters Carried out by the Guotai Junan Securities Pilot Program", which clarified that the Guarantor is entitled to sign the OTC financial derivatives master agreement and its supplemental agreement with both domestic and foreign counterparties. In August 2018, the Guarantor was qualified as a primary dealer for OTC options. The Group also obtained CDS clearing qualification and cross-border business qualification, and was among the first in the industry to become a mutual funds settlement party.
2019	•	In April 2019, with the approval of the CSRC, the Guarantor completed the placing of 194 million H-Shares at a price of HKD16.34 per share under a general mandate. The registered capital of the Guarantor increased to RMB8,907,947,954.
2020	•	In March 2020, the Guarantor was among the first to qualify for CSRC's consolidated supervision pilot program.
2021	•	In May 2021, the Guarantor entered the first "whitelist" of securities houses issued by the CSRC.
2022	•	In July 2022, upon the completion of industrial and commercial registration for the change of the registered capital, the Guarantor's registered capital was changed from RMB8,907,947,954 to RMB8,906,671,631.
2023	•	In March 2023, the Group was approved to establish a Macau subsidiary.
	•	In April 2023, the Guarantor's subsidiary in the United Kingdom was established.
	•	In September 2023, Guotai Junan Futures (Singapore) Pte. Ltd., a Singapore incorporated subsidiary of the Guarantor commenced its operation.

COMPETITIVE STRENGTHS

The Group believes that by capitalising upon the following competitive strengths, the Group will continue to seize the growth opportunities in the PRC capital markets and maintain its long-term, consistent and across-the-board leadership position.

Strong Support from the Government and Shareholders

In light of the strategic importance of some of the Group's businesses and operations, in particular in Shanghai and Shenzhen, the Shanghai and Shenzhen governments support the sustainable development of the Group, and the Group expects to continue to be supported by having close collaboration with the government as one its key shareholders. The Shanghai and Shenzhen governments have provided, and continue to provide, strong support to the Group. As at 31 December 2023, International Group and Shenzhen Investment Holdings, which are both shareholders of the Guarantor, directly or indirectly controlled a total of approximately 33.36 per cent. and 8.00 per cent., respectively, of the Group's issued share capital. International Group is the state-owned capital operation platform under the Shanghai SASAC, and the Shenzhen Investment Holdings is a large state-owned company in Shenzhen, which is a comprehensive licenced financial holding platform under the Shenzhen SASAC.

The Group has also previously received financial support from the government in the form of equity injections. Following the Guarantor's initial public offering of H-Shares on HKSE in 2015, the International Group and Shenzhen Investment Holding (either by themselves or through their subsidiaries) have increased their holdings of H-Shares in the Guarantor.

Deeply Rooted Culture of Risk Management and Compliance

The Group firmly believes that risk management is a core competency of securities companies. Since its establishment, the Group has committed to the business values and corporate culture of soundness and compliance, and established a comprehensive and effective risk management and internal control system, covering risks across all its business lines and operations, including market risk, credit risk, liquidity risk, operational risk and reputational risk. In addition, the Group has accurately identified and effectively managed risks through a sound risk management system, scientific risk management models and methods and advanced risk management methods, which has promoted the long-term sustainable and comprehensive development of the Group. At the beginning of its establishment by way of merger in 1999, the Group proposed to focus on the main business and "earn profits under the sun" (賺取陽光利潤). During the integrated management period of the industry from 2004 to 2007, the Group pioneered the third-party custody model and successfully passed through the industry cycle. In 2015, in the face of abnormal fluctuations in the stock market, the Group took the lead in making counter-cyclical adjustment in respect of its margin financing and securities lending business, which maximised the safety of customer assets.

In recent years, in the face of the new environment of the increasingly stricter compliance and risk control, the Group has gradually consolidated the foundation of a group-based unified risk management system, strived to build three lines of defense, namely "business units, compliance risk control and audit", promoted the formation of a complete set of scientific, complete, efficient, intensive and professional group-based comprehensive risk control management system, and further comprehensively built a lifeline for high-quality development. The Group has further constantly strengthened its comprehensive risk pre-warning and response capabilities, continuously improved the refined level of compliance risk management, and steadily propelled its risk management to shift from postmortem to forward-looking judgment, from passive management to active empowerment, ensuring the stable and healthy development of the Group. In 2023, the Group further optimised risk control and compliance mechanism, strengthened risk data collection and governance, and enhanced the management and control of key risks, improved the accountability system, leading to continuous improvement in its compliance and risk control capabilities. The Group has attained the Grade AA rating in Class A from the CSRC for 16 consecutive years and the highest rating in the industry cultural construction practice evaluation for three consecutive years. The Group firmly believes that its culture of risk management and compliance is deeply rooted among its employees and is the most fundamental factor that has made it a long-term and consistent leader in the PRC securities industry.

Integrated Service Platform with Leading Position in the PRC Capital Market

The Group has a comprehensive and balanced combination of businesses with a complete set of licenses as well as nationwide coverage and overseas exposure, and its main businesses rank among the top in the industry with strong integrated service capability.

Since its establishment by way of merger, the Group has always adhered to the concept of integrated services and provided customers with integrated services, so that its competitiveness has continued to rise, operating performance has maintained leadership and its position in the industry has been consolidated. In 1999, faced with the mission of full consolidation and deep integration, the Group proposed the development direction of "adhering to customer-centric" integrated services. After its A-share listing in 2015, the Group actively capitalised on the advantages of resource endowments and explored and promoted synergy. Since 2020, in response to new changes in customer demand and market landscape, the Group actively seized the opportunity of the comprehensive reform of state-owned assets and state-owned enterprises, further promoted integrated services, and set up three collaborative development committees for retail, institutional and corporate customers, and a cross-border business collaborative development committee, optimised and improved the supporting guarantee mechanism for collaborative business development, resulting in closer coordination and cooperation between the head office and subsidiaries and the various business lines, thereby gradually improving the advantages of the Group's comprehensive financial service platform.

In recent years, the Group further clarified the goals, methods and tasks of building an "integrated service platform", promoted cross-line and cross-divisional collaboration in domestic market and abroad, strengthened the empowerment of headquarters on branches, upgraded and built a Synergy 2.0 model. The "wealth management + asset management" and "institutional services + corporate services" coordination mechanisms continued to deepen, the cultivation of "investment bank +" concept became more mature, the publicly offered REITs business promotion committee functioned effectively and cross-border integration made steady progress. While making breakthroughs in key collaborative businesses, the Group deepened reform and innovation in organisational management, and strived to strengthen regional collaborative development. The Guangdong-Hong Kong-Macao Greater Bay Area Collaborative Development Committee made positive progress in promoting cross-border business. All these efforts have gradually improved the "customer-centric" integrated service system.

Utilising its integrated service platform, the Group has maintained its leading position in the industry in terms of capital scale, profitability, business strength and risk management capabilities. The Group's leading positions in its business lines have led to its outstanding brand as well as abundant cross-selling opportunities. Leveraging its clients' recognition of its high quality one-stop integrated services, the Group is able to capture a larger share of revenue in the market. In addition, its diversified businesses have resulted in a more stable revenue structure that can help mitigate the impact of market volatility.

Leader of Technology and Innovation in the PRC Securities Industry

The Group places great emphasis on strategic investment in technology and continuously promotes proprietary financial technology innovation. The Group is a pioneer in the application of financial technology in the securities industry, and its investment in information technology has always been at the forefront of the industry. In 2003, in response to the industry's large-scale and intensive development trend, the Group took the lead in building a centralised trading system for large-scale application. The

Group was also among the first in the industry to engage in the QFII business back in 2003 and to obtain the RQFII qualification. In 2014, the Group built the industry's first high-level, large-capacity and park-type green data centre, which effectively guaranteed the stable operation of the system under extreme market conditions in 2015. Since 2020, in the face of the development trend of accelerated integration and the deep mutual embedding between the securities industry and digital technology, the Group was the first in the industry to creatively put forward the comprehensive digital transformation vision of building a "SMART investment bank" and the ecological development concept of "open securities", the construction of projects such as the group management cockpit, cross-sector financial technology laboratory and new generation of core trading system for information technology application and innovation have been successively launched, leading the development of digital technology in the industry, and the continuous investment in digital technology plays an increasingly important role in enhancing customer experience, promoting business development and improving management capabilities. Since its establishment by way of merger, the Group has won 34 science and technology awards at or above the provincial and ministerial levels. Levels and numbers of awards ranked the first in the industry.

In recent years, the Group has been vigorously promoting comprehensive digital transformation with the focus on platform construction and was the first company in the industry which completed the full conversion of the new generation of core trading system for information technology application and innovation. It has steadily promoted the construction of key projects such as Daohe Xiaoshoutong (道合銷售通) system, Long-Short Return Swap System (多空收益互換系統), Quanyuantong (券源通) and Investment Bank Digital Intelligence Platform (投行數智平台), and continued to optimise the digital wealth management platform with Jun Hong APP as the core and the integrated service platform for institutional clients with the Daohe (道合) APP as the core, and officially release the big models and application results of "Lingxi Budao" (靈犀布道) and "Guoxin Zhengdao" (國芯證道), thereby its digital technology capabilities have been continuously improved. The "Construction and Methods of Investor Trading Behavior Knowledge Graph" and other projects have been successfully selected as national key research and development plans and demonstration projects of the NDRC.

As at 31 December 2023, Jun Hong APP ranked the second in the industry in terms of average monthly active users, with mobile terminal users of 40.44 million, representing an increase of 3.7 per cent. as compared with the end of precious year. The accumulated number of users of the Daohe platform was 72,700, with a coverage of 9,159 institutional and corporate customers, representing an increase of 14.7 per cent. and 13.8 per cent., respectively as compared with the end of last year. In 2023, the Group's investment in information technology[1] was RMB2.16 billion, representing an increase of 20.1 per cent. as compared with the previous year.

Experienced Management Team with a Highly Proficient Professional Workforce

The success of the Group is attributable to the sound leadership of its directors and senior management. The majority of the Guarantor's directors, including its chairman, and members of its senior management, including its general manager, deputy general manager, chief financial officer and general compliance officer, have vast experience in the PRC financial and securities industries.

The Group believes that the strategic vision of its senior management team has distinguished it from its competitors and has allowed it to capture business opportunities arising from product innovation and globalisation of the PRC securities industry. The directors of the Group believe that the retention of key employees is attributable to its well-recognised brand name, business prospects, successful recruitment and customised professional training programmes.

1 Investment in information technology of the Group includes IT capital expenditure, IT daily maintenance expenses, server room rental or depreciation expenses, cable rental fees, IT staff salaries and others of the Guarantor and securities subsidiaries.

BUSINESS STRATEGIES

The Group aims to be an integrated financial services provider with an across-the-board leading position in China and international competitiveness. The Group has put forward and intends to intends to steadily implement the medium and long term development strategy of "Nine-Year Strategic Plan in 3 Three-Year Steps". In the first three-years, from 2020 to 2022, the Group focused on laying the foundation, strengthening weakness, and consolidating the Group's leading position among securities companies in the market. In the second three-years, from 2023 to 2025, the Group will focus on enhancing the capacity, reinforcing advantages, and maintaining the industrial leading position in respect of core indicators. In the third three-years, from 2026 to 2028, the Group will focus on totalisation and internationalisation, to become "a prestigious modern investment bank with an overall leading position and international competitive edge".

In the second three-years, under the general requirement of "enhancing the abilities and developing our advantages", the Group will focus on platform construction, and consolidate the three pillars of "integrated service platform, leading digital technology and sound compliance culture" core capabilities, so as to comprehensively cultivate five major advantages, namely "technology innovation finance, inclusive finance, regional finance, green finance and cross-border finance" to consolidate the three major guarantees of "manpower, capital and organization", strive for progress while maintaining stability, deepen reforms, thereby achieving "domestic leadership in an all-round way".

The Group also plans to implement the following business strategies in relation to its business segments:

Institutional Finance: Providing Integrated Financial Solutions to Institutional Clients

The Group intends to enhance its integrated institutional financial service system based on the three dimensions of client, sector and product. Furthermore, the Group will optimise its service model, cultivate first-class transaction and investment capabilities, continue to improve its product innovation capabilities and research expertise, and enhance the comprehensive service level for institutional customers The Group aims to moderately expand its balance sheet and grow its capital intermediary business, to better meet the needs of its institutional clients:

- *Client*: The Group's account manager team is critical to the development of its integrated financial services business. The Group intends to institutionalise client relationship with multi-point coverage of the same institutional client. The Group's account manager team is responsible for exploring client needs and leading the sector and product teams to provide tailored services.

- *Sector*: Organising the Group's businesses by sector is the key to enhancing its professional competence and market influence. The Group implements this initiative across its investment banking, research and proprietary trading businesses. This will help the Group identify key industries and corporate clients, enhance its ability to provide professional advice to its clients and strengthen its pricing and sales capabilities.

- *Product*: Enhancing product development capability is the basis for the Group to provide its clients with value-added services. By taking the lead in obtaining the relevant business licences, the Group has built a new FICC business platform and can provide high value-added trading and risk management services to its institutional investor clients, and customised solutions to its corporate clients.

Personal Finance: Enhancing Client Stickiness

Client stickiness is the key to the effective expansion of its client base. The Group will continue to deepen its customer base operation, adhere to the dual-driven approach for transaction services and wealth management, accelerate the transformation to buyer advisory services, strengthen its asset allocation capabilities, and promote a steady development in product sales and investment advisory business. The Group aims to be customer centric and intends to enhance client experience and stickiness through investing in financial technologies, enhancing its products pool and upgrading its integrated wealth management service system:

- the Group will increase investment in the use of financial technologies, such as big data and artificial intelligence through proprietary development and acquisitions to provide its clients with bespoke services.

- the Group will improve its product development, product introduction and product evaluation system. The Group will also establish a multi-asset class, multi-market and multi-strategy product pool, and strengthen its ability to customise investment portfolios for its clients.

- the Group will optimise and upgrade its integrated financial service model that combines online and offline channels. The Group will also improve its online platform which integrates its comprehensive services such as trading, wealth management, financing and payment, and further enhance the service of its investment adviser team for high-end clients.

Investment Management: Expanding AUM

Expanding the Group's AUM will result in not only significant brand-and-market influence, but also strong bargaining power and opportunities for additional revenue. The Group will enhance its core competitiveness in investment research, strengthen its intensive management and the construction of its incentive and restraint mechanism. The Group intends to expand the scale of its AUM through the following steps:

- the Group will expand the scale of its AUM through inorganic growth and improve its multi-tiered and multi-product asset management system;

- the Group will rapidly expand its high-value-added and non-discretionary funds, focusing on fixed income funds, asset-backed securities and FOF asset management products; and

- the Group will expand its direct investment business and form an asset management product system centred around specific sectors.

International Business: Focusing on the Demand of Domestic Clients for Global Asset Allocation

The Group will focus on the development of its cross-border business, promote cross-border integration, and steadily promote global deployment. Leveraging its large domestic client base, the Group is committed to the growth of the following businesses which the Group believes have great growth potential:

- *International asset management business*: The Group intends to build a cross-border asset management platform through strategic cooperation to rapidly enhance its product development capability;

- *Global securities brokerage services*: The Group intends to improve its advanced global brokerage service technology platform to meet the significant demand of domestic clients for overseas discretionary investment, and meet the needs of its institutional investor clients for professional trading; and

- *Cross-border M&A services*: The Group intends to connect domestic capital and overseas projects by providing financial advisory, financing and risk management services through organic growth or strategic cooperation with leading international investment banks.

RECENT DEVELOPMENTS

First Quarterly Report for the three months ended 31 March 2024

On 29 April 2024, the Guarantor published its First Quarterly Report. The First Quarterly Report is not included in, and do not form part of, this Offering Circular and were prepared by the Guarantor's management and have not been reviewed or audited by its independent auditor, KPMG. Consequently, the First Quarterly Report should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or a review. None of the Issuer, the Guarantor, any Arranger, any Dealer, the Trustee and the Agents, nor any of their respective affiliates, directors, officers, employees, agents, representatives and advisers, nor any person who controls any of them, makes any representation or warranty, express or implied, regarding the accuracy, completeness and sufficiency of the First Quarterly Report. Potential investors must exercise caution when using such data to evaluate the financial condition and results of operations of the Group. The First Quarterly Report should not be taken as an indication of the expected financial condition and results of operations of the Group for the full financial year ending 31 December 2024 or any other future period. Certain material changes in financial position and/or results have only been disclosed below on a qualitative basis.

For the three months ended 31 March 2024, the Guarantor recorded a decrease in its total operating revenue, net profit attributable to equity holders of the company, net profit attributable to equity holders of the company after deducting non-recurring gains and losses, basic earnings per share, diluted earnings per share and weighted average return on net assets comparing to the same period in 2023, which were mainly due to the reasons, among others, of decreases in net investment gains from financial instruments as a result of market fluctuations.

As at 31 March 2024, the total assets of the Guarantor slightly decreased as compared to the balance as at 31 December 2023, and the total liabilities of the Guarantor decreased as compared to the balance as at 31 December 2023.

Resignation of an Executive Director and the Secretary of the Board, and Appointment of the Secretary of the Board and Vice Presidents

On 24 May 2024, the Guarantor published an announcement on the Hong Kong Stock Exchange in relation to, among other things, the resignation of Mr. Yu Jian (喻健) as an executive director, the secretary of the Board, a joint company secretary and an authorised representative of the Guarantor with effect from 24 May 2024. Mr. Nie Xiaogang (聶小剛) was appointed as the secretary of the Board with a term of office the same as the sixth session of the Board. He will formally perform his duties as the secretary of the Board after obtaining the certificate of appointment training for the secretary of the Board issued by the Shanghai Stock Exchange. For details of Mr. Nie's biography, see "*Directors, Supervisors and Senior Management — Board of Directors*".

On 25 May 2024, the Guarantor published an announcement on the Shanghai Stock Exchange in relation to, among other things, the appointment of vice presidents. The Board approved that Mr. Chen Zhongyi (陳忠義) and Mr. Han Zhida (韓志達) were appointed as the vice presidents of the Guarantor with a term of office the same as the sixth session of the Board. Mr. Han will formally perform his duties as a vice president after passing the evaluation test on senior management personnel of securities companies. For details of Mr. Chen's and Mr. Han's biography, see "*Directors, Supervisors and Senior Management — Senior Management*".

THE PRINCIPAL BUSINESS LINES OF THE GROUP

The Group has established a comprehensive and balanced combination of businesses. Through its matrix management structure with both geographic line and business line reporting, the Group integrates its diverse businesses, products and service offerings, provides comprehensive financial services to institutional, corporate and individual clients, and promotes cooperation and cross-selling across its business lines and between its domestic and overseas businesses.

The following table sets forth a breakdown of the Group's total revenue and other income by principal business lines for the periods indicated:

	Year ended 31 December					
	2021		2022		2023	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
	(RMB in millions, except for percentages)					
Wealth Management	22,410.63	39.73	18,372.78	37.43	17,441.62	33.35
Institutional and Trading	24,117.66	42.75	21,534.75	43.87	20,919.61	40.00
Investment Banking	3,736.18	6.62	4,215.71	8.59	3,669.21	7.02
Investment Management	1,833.06	3.25	1,718.60	3.50	4,474.70	8.56
International Business	3,661.69	6.49	2,436.63	4.96	4,691.32	8.97
Other[1]	651.97	1.16	808.45	1.65	1,107.37	2.10
Total	**56,411.19**	**100.00**	**49,086.92**	**100.00**	**52,303.83**	**100.00**

Note:

(1) Segment total revenue and other income from others primarily consists of government grants.

Wealth Management

Retail Brokerage and Wealth Management

The Group's wealth management business primarily includes securities and futures brokerage, financial products, investment advisory, stock-pledged financing, agreed securities repurchase and margin financing and securities lending services and other services to individual clients. The Group's wealth management business primarily offers its own financial products, mainly collective asset management schemes developed by Guotai Junan Asset Management. The Group also distributes financial products developed by third parties. While maintaining and enhancing the competitiveness of its traditional securities brokerage business, the Group continues to expand the business and service scope of its branch offices, and endeavours to transform its retail brokerage business into a wealth management-centred business. In response to the asset balance and investment needs of its clients, the Group provides them with diversified wealth management services, including sales of financial products and investment consultation.

In May 2013, the Group became the first securities company admitted to PBOC's payment systems. As a result, the Group can provide a convenient, efficient and low-cost channel for its clients for the deployment of, and exit from, wealth management funds. Meanwhile, the Group launched the Jun Hong Wealth Management Planning System (君弘理財規劃系統), through which the Group can customise reasonable and feasible wealth management plans for its clients by analysing and evaluating their financial condition and wealth management goals. Supported by Jun Hong Unified Accounts and Jun Hong Wealth Management Planning System, the Group aims to explore the asset allocation needs of its personal finance clients and establish loyal client relationships. According to the statistics of SSE and SZSE, for the year ended 31 December 2023, the trading volume of stock and fund market in SSE and SZSE was RMB239.99 trillion, representing a decrease of 3.1 per cent. compared with the corresponding period of last year and the offering size of new mutual funds was RMB1,153.145 billion, representing an increase of 21.6 per cent. compared with the corresponding period of last year.

In 2021, the Group continued to improve its retail customer service system, focusing on building a retail customer technology platform, continuously optimising its collaboration mechanism for financial products, strengthening the standardisation of the operation of branches of its websites, building its professional investment and consulting team, and accelerating its wealth management high-quality transformation and development.

In 2022, the Group has steadily promoted the transition to a new generation of low-latency core trading systems, which have enriched the functions of the STS intelligent trading system; continued to consolidate and enhance the advantages of its trading capabilities; further promoted the construction of its "Selection 100 (甄選100)" financial product system; enriched the portfolio of its fund investment advisory strategies; introduced tailor-made services and strengthened asset allocation capabilities; improved the "Junhong Star Service (君弘星服務)" system; built the "Bai Shi Tong (百事通)" investment advisory platform; further promoted the "Jincai Talent Development Plan (金才培養計劃)"; continued to strengthen construction of the professional investment advisory capabilities of its branches; launched Junhong Zhitou services, optimised one-stop digital and intelligent wealth management platform and enhanced digital operation and service capabilities; steadily promoted the standardisation of branches and the pilot construction of digital wealth centres, actively empowered high-quality development of branches, maintained an industry-leading retail brokerage business; and steadily advanced the transformation of wealth management.

In 2023, the Group accelerated the establishment of the wealth management model "driven by investment advisory and empowered by technology", on the basis of maintaining the leading position in retail brokerage business industry, strived to strengthen the core competitiveness of investment advisory of buyers, and improved asset allocation capabilities steadily.

The Group has focused on optimising its organisational structure, and has accelerated transformation and upgrading, strengthened mid-to-high-end customer service, optimised product sales mechanisms, promoted branch transformation and digital platform construction, strengthened investment advisory team building, and focused on "customers, products, teams and channels" to build a wealth management system as a whole and steadily improved comprehensive service capabilities. As at 31 December 2023, a total of 3,694 persons were qualified as investment consultants, ranking fourth in the industry. For the years ended 31 December 2021, 2022 and 2023, the average monthly scale of agency sales of financial products of the Group was RMB183.6 billion, RMB213.8 billion and RMB242.3 billion, respectively. For the years ended 31 December 2021, 2022 and 2023, the net revenue of securities brokerage of the Guarantor was RMB6.35 billion, RMB4.97 billion and RMB4.23 billion, respectively. As at 31 December 2021, 2022 and 2023, the Group's personal fund accounts amounted to approximately 14.59 million, 15.63 million and 17.84 million, respectively.

The following table sets forth a breakdown of the trading volume and market share of the Group's securities brokerage business in China by product type for the periods indicated:

	Year ended 31 December					
	2021		2022		2023	
	Trading volume (RMB in billions)	**Market share (per cent.)**	**Trading volume (RMB in billions)**	**Market share (per cent.)**	**Trading volume (RMB in billions)**	**Market share (per cent.)**
Stocks	22,396.2	4.34	19,744.4	4.40	19,638.8	4.63
Securities investment funds	953.5	2.60	2,690.2	5.81	3,224.9	5.80
Bond[(1)]	46,720.7	6.16	53,451.6	6.05	58,055.2	5.75

Note:

(1) Bond includes spot and repurchase.

Futures Brokerage

The Group primarily conducts its futures brokerage business in the PRC through Guotai Junan Futures. Guotai Junan Futures is a member of the Shanghai Futures Exchange, the Dalian Commodity Exchange, the Zhengzhou Commodity Exchange and the China Financial Futures Exchange. For the year ended 31 December 2023, Guotai Junan Futures was fully incorporated into the Group's integrated platform and significantly improved its cross-market service capabilities, focused on financial institutions and industrial customers to strengthen comprehensive financial services, resulting in the continuous increase in the transaction share. The Singapore subsidiary of Guotai Junan Futures was officially put into operation and became a derivative trading and clearing member of the Singapore Exchange in September 2023, and its cross-border service capabilities grew rapidly. In respect of its risk management business, Guotai Junan Futures seized market opportunities for rapid development and was licenced to carry out market making business for 50ETF, 300ETF options and crude oil futures. For the year ended 31 December 2023, the futures transaction amount of Guotai Junan Futures increased by 31.8 per cent. compared with last year, with a market share of 7.44 per cent., among which the market share of transaction amount of financial futures was 11.81 per cent., and the market share of transaction amount of commodity futures was 6.10 per cent. As at 31 December 2023, the scale of customer equity was RMB100.4 billion, ranking second in the industry.

As at 31 December 2023, the Group had 37 securities branch offices and 17 futures branch offices in the PRC. The Guarantor is qualified to introduce clients to Guotai Junan Futures, for engaging in futures transactions.

The following table sets forth major awards received by Guotai Junan Futures and its products in recent years:

Year	Award	Awarding Body
2023	Securities Company of the Year in China	The Asian Banker
	"Best Futures IB Securities Operator Award" and Best Financial Futures Service Award in the 16th China Best Futures Operator Awards	Futures Daily & Securities Times
	Ying Hua Awards in Chinese Fund Industry – Model Broker for Sales of Public Funds over 25 Years	China Fund
	"Golden Bull Award for Golden Bull Wealth Management Team" in Securities Industry in 2023	China Securities Journal
2022	Golden Bull Award for Golden Bull Wealth Management Team in Chinese Securities Industry in 2022	China Securities Journal
	2022 Ying Hua Awards: Outstanding Wealth Management Brokerage, Outstanding Brokerage APP, Outstanding Active Portfolio by Investment Advisor	China Fund
	The Best Futures Company in China and the Best Financial Futures Service Award in the 15th China Best Futures Operator and Best Futures Analyst Awards	Futures Daily& Securities Times
	Platinum Award, Risk Management Award, Technical Service Award, Institutional Service Award of 2022 Excellent Member Comprehensive Award	China Financial Futures Exchange
2021	Outstanding Member Platinum Award, Risk Management Service Award, Technology Management Award and Outstanding Trading Team Award in Treasury Bond Futures Market (Prop-trading) in 2021	China Financial Futures Exchange
	Outstanding Member Gold Award, Steel Industry Service Award, Nonferrous Industry Service Award, Precious Metals Industry Service Award, Energy and Chemical Industry Service Award and Options Market Service Award	Shanghai Futures Exchange
	Outstanding Member Gold Award	Shanghai International Energy Exchange Center
	Outstanding Member Gold Award, Excellent Chemical Industry Service Award, Outstanding Institutional Service Award, Outstanding Options Market Service Award, Outstanding International Market Service Award and Outstanding OTC Market Support Award	Dalian Commodity Exchange
	Excellent Member, Outstanding Member of Industrial Service Growth, Excellent Member of Variety Service and Variety Service Excellent Sales Department	Zhengzhou Commodity Exchange
	Outstanding Institution in Collateral Business	China Central Depository & Clearing Co., Ltd.
	Outstanding Exhibitor Award	Shanghai Financial Industry Federation
	Top 10 Option Brokers of 2021	Shanghai Stock Exchange

Year	Award	Awarding Body
2020	Excellent Futures Companies in China 2020	Securities Times
	Platinum Award, Product Development Award, Business Innovation Award and Technology Management Award	China Financial Futures Exchange
	Outstanding Member Gold Award and Various Industry Service Award	Shanghai Futures Exchange
	Outstanding Member Gold Award, Outstanding Industrial Service Award, Outstanding Institutional Service Award, Excellent Agricultural Products Service Award, Excellent Chemical Product Service Award, Outstanding Black Product Service Award and Outstanding Options Market Service Award	Dalian Commodity Exchange
	Excellent Member, Talent Training Outstanding Members, Excellent Member of Variety Service and Variety Service Excellent Sales Department	Zhengzhou Commodity Exchange
	China Futures Company's Best Steward of the Year, Best Financial Institution Service Award, Best Futures Company in China, Best China Futures Branch and Excellent New Media Marketing Award	Futures Daily & Securities Times
	2020 China Excellent Poverty Alleviation Futures Company and 2020 China Excellent Futures Company	Securities Times
	Pioneer Futures	International Finance News
	Most Popular Investment Business Cooperation Institution (Futures Company)	China Insurance Asset Management Association
	Outstanding Institution in Collateral Business	China Central Depository & Clearing Co., Ltd.
2019	Best Futures Company in China, Best Financial Services of Futures Company in China, Best Integrity and Self-discipline Futures Company	The Twelve Session of the Best Futures Company Awards jointly held by the Futures Daily and the Securities Times
2018	Futures Brand of the Year	The 16th China's Financial Annual Champion Awards
	Excellence Futures Institution	Golden Tie Awards of China Finance by Wallstreetcn.com
	Best Futures Company in China, Best Financial Services of Futures Company in China, Best Targeted Poverty Alleviation Award, Best Brand Development and Promotion, Best Service of Risk Management Subsidiaries, Best Operation Branch of Futures Company in China, Gold Medallion Management Team of China Futures Company and Gold Medallion Futures Research Institute of China	The Eleventh Session of the Best Futures Company Awards jointly held by the Futures Daily and the Securities Times

The following table sets forth an overview of the Group's futures brokerage business for the periods indicated:

	Year ended 31 December		
	2021	**2022**	**2023**
		(RMB in billions)	
Transaction amount	59,000	64,150	84,550
Number of board lots	0.60	0.68	1.09

Margin Financing and Securities Lending

The Group's margin financing and securities lending business offers loans and lends listed securities with collateral to clients to finance their purchase or short-selling of listed securities. The Group was among the first batch of companies to qualify for the CSRC-approved pilot program for margin financing and securities lending business in 2013.

For the years ended 31 December 2021, 2022 and 2023, the Group's interest income of margin financing and securities lending amounted to RMB7,315.2 million, RMB6,386.6 million and RMB6,083.0 million, respectively. As at 31 December 2021, 2022 and 2023, its balance of margin financing and securities lending in the market amounted to RMB104.040 billion, RMB87.139 billion and RMB88.926 billion, respectively. For the year ended 31 December 2023, in respect of margin financing and securities lending business, the Group continued to optimise the risk control system and business management model by adhering to countercyclical adjustment mechanism; increased basic services and continued to optimise the pricing mechanism, resulting in a steady increase in the share of new accounts opened; strengthened the comprehensive services for institutional customers and high-net-worth customers, leading to a continued growth in institutional accounts; optimised the securities lending and securities refinancing trading mechanisms; deepened the cooperation in securities source and improved the functions of the Quanyuantong (券源通) system; promoted the construction of system platform and enhanced digital operation capabilities.

As at 31 December 2021, 2022 and 2023, the balance of the Group's margin financing and securities lending amounted to RMB104.04 billion, RMB87.14 billion and RMB88.93 billion, with a market share of 5.68 per cent., 5.66 per cent. and 5.39 per cent., respectively.

The following table sets forth the scale of margin financing and securities lending business of the Group for the periods indicated.

	As at 31 December		
	2021	**2022**	**2023**
		(RMB in billions)	
Balance of margin loans	96.7	80.4	83.3
Market value of securities lending	7.3	6.7	5.6
Balance of margin refinancing	3.0	4.0	3.9
Balance of securities refinancing	7.2	7.3	7.7

The sources of funding and securities for the Group's margin financing and securities lending business primarily include:

- Equity securities held for proprietary trading;
- Operating cash;
- Proceeds from the issuance of corporate bonds, subordinated bonds and structured notes;

- Proceeds from the issuance of asset management schemes;

- Margin loans receivable-backed financing. The Group enters into contracts to sell its margin loans receivable to counterparties for financing and agrees to repurchase such receivable assets at an agreed future date; and

- Margin and securities refinancing. The Group borrows funds or securities from China Securities Finance and other authorised financial institutions, and then lends them to its margin financing and securities lending clients. The Group qualified for the pilot margin and securities refinancing business in March 2020, and was among the first securities companies to qualify for the pilot securities refinancing business in February 2013.

Stock pledging business

The Group's stock-pledged business primarily includes stock-pledged financing and securities repurchase. The Group's stock-pledged financing business provides financing to clients and accepts pledges of stocks or other securities held by them as collateral, under agreement that they will repay the Group in exchange for the release of pledges in the future. In June 2013, the Group became one of the first batch of securities companies to participate in the pilot program of stock-pledged financing on the Shanghai Stock Exchange and the Shenzhen Stock Exchange. Under the Group's securities repurchase business, eligible clients sell securities to it at an agreed price and agree to repurchase these securities from it at an agreed price on a future date.

For the year ended 31 December 2023, in respect of stock pledging business, the Group adhered to the prudent and steady development strategy of "diversification and low leverage", optimised its business and asset structure, enhanced its business due diligence and post-loan professional capabilities, promoted the development of the equity incentive exercise financing business and created a healthy business format featuring high-quality customers and matched returns and risks. As at 31 December 2023, the outstanding balance of the stock pledging business was RMB26.531 billion, representing an increase of 1.1 per cent. from the end of last year, among which the balance of margin loans was RMB26.245 billion, the average collateral coverage ratio was 256.1 per cent. and the scale of stock pledged financing, an asset management product managed by the Group was RMB0.286 billion. The outstanding balance of the Group's sell-buy back transactions was RMB1.810 billion. For the years ended 31 December 2021, 2022 and 2023, the Group's interest income of stock-pledged financing and securities repurchase amounted to RMB1,899.04 million, RMB1,860.17 million and RMB1,388.86 million, respectively.

Institutional and Trading Business

The Group's institutional and trading business primarily consists of institutional brokerage, trading and investment and equity investment, among which: institutional brokerage mainly provides prime brokers, seat leasing, custody outsourcing, QFII and other services to institutional clients; and the trading and investment business mainly includes investment transactions in stocks, fixed income, foreign exchange, large commodities and their derivative financial instruments, as well as providing integrated financial solutions for clients' investment, financing and risk management. For the years ended 31 December 2021, 2022 and 2023, the Group's revenue and other income generated from the Group's institutional and trading business was RMB24,117.66 million, RMB21,534.75 million and RMB20,919.61 million, respectively, representing 42.75 per cent., 43.87 per cent. and 40.00 per cent. of the Group's total revenue and other income, respectively.

Research Business

The Group conducts its research business primarily through Guotai Junan Securities Research Institute. The Group was the first securities company to establish a securities research institute in 1996. The Group has established a comprehensive research system and framework. Its major research fields include macroeconomics, strategies, fixed income, financial engineering, industry as well as small- and medium-market capitalisation companies. Guotai Junan Securities Research Institute has ranked top for a number of years in the authoritative awards in the industry, including "New Fortune Best Analysts Awards", "Crystal Ball Sell-side Analysts Awards", "Gold Bull Analysts in China Securities Industry" and "Best Local Research Teams". From 2003 to 2017, Guotai Junan Securities Research Institute has continuously received "Best Domestic Research Team" and "Most Influential Research Institute" prizes awarded by New Fortune, ranked third in the overseas and domestic comprehensive ranking, and second in the domestic ranking. The Guarantor was also awarded "Best Analyst" of research areas covering various industries on a number of occasions, which was among the most frequently awarded institutions. In 2023, in respect of research business, the Group strengthened the construction of research system in the field of asset allocation and ESG, solidly promoted market strategy, industry comparison and thematic research, enhanced key services provided to core customers, and continuously improved professional research capabilities, comprehensive service capabilities and internal support capabilities. For the year ended 31 December 2023, the Group promoted the construction of a professional sales team, continuously improved its research system and continued to enhance its research service capabilities for business development with positive progress being made in the integration of cross-border research. For the years ended 31 December 2021, 2022 and 2023, Guotai Junan Securities Research Institute has issued 6,728, 9,739 and 9,121 research reports, respectively.

Institution brokerage business

For its institution brokerage business, the Group primarily focuses on the comprehensive needs of key customers, such as public and private equity, wealth management subsidiaries of banks and overseas institutions, improving the comprehensive service system for institutional customers, optimising customer management, organisational structure and performance appraisal mechanisms, accelerating the implementation of "1+N" comprehensive sales service models, strengthening the construction of Daohe-Xiaoshoutong platforms and professional trading systems, gave full play to the synergy of sales alliance, product alliance and digital alliance and continuously enhancing the comprehensive service coverage abilities of key institutional customers with rapid growth of quantitative transactions, QFII, brokerage settlement and other businesses, significant increase in the share of stock-based transactions of institutional customers and custody outsourcing, thus continuing to maintain a leading edge in the industry. For the year ended 31 December 2023, the transaction volume of Daohe-Xiaoshoutong amounted to RMB170,206 billion, representing an increase of 514.6 per cent. as compared with last year. The Group's customer asset size of prime brokers trading system as at 31 December 2023 was RMB609,027 million, representing an increase of 28.2 per cent. as compared with the end of last year. As at 31 December 2021, 2022 and 2023, the customer asset scale under the prime brokers trading system was RMB444.0 billion, RMB475.0 billion and RMB609.0 billion; and the assets under custody and outsourcing services amounted to RMB2,813.1 billion, RMB2,866.9 billion and RMB3,057.3 billion, respectively.

The Group also provides institutional investors with asset custody, fund clearing and settlement, investment monitoring, fund valuation, information disclosure and other services in its custody business. In addition, the Group's outsourcing business provides institutional investors with basic services including fund unit registration and fund valuation as well as value-added services including performance review, contract drafting and information disclosure. In April 2013, the Group was qualified to pilot a comprehensive custody business for private funds. In May 2014, the Group was one of the first companies to be qualified for securities investment funds custody business. Since April 2015, the Group has been registered as a private fund business outsourcing service organisation. The custodian and outsourcing business has passed the ISAE3402 international certification for five consecutive years due to the Group's efforts to comprehensively promote the reconstruction of operational processes, and to enhance financial technologies and professional operation service capabilities.

The Group was among the first in the industry to launch an Internet-based fund operation platform, which covers hundreds of customisable functions for fund management, including product life cycle management, fund transfer, valuation and accounting, share registration, performance analysis, customised statements and information disclosure. The Group established an efficient fund settlement and transfer system and achieved direct processing of fund settlement. Through an advanced data analysis system, its fund performance analysis services allow fund managers to fully analyse their investment portfolio's performance and execute their investment strategies in six dimensions, namely product size, net value analysis, risk analysis, position analysis, attribution analysis and transaction analysis.

As at 31 December 2023, the aggregate products of the Group's asset custodian and outsourcing business amounted to 20,550 and 20,376, respectively; and the asset size of custody and outsourcing businesses reached RMB3,057.3 billion, representing an increase of 6.6 per cent. as compared with the end of last year. As at 31 December 2021, 2022 and 2023, the Group's assets under custody from mutual funds amounted to RMB138.8 billion, RMB198.9 billion and RMB175.4 billion, respectively, continuously ranking first in the securities company custody industry.

Trading and investment business

The Group's trading and investment business centres on the idea of an "outstanding financial asset trader" and adheres to developing a low risk and non-directional businesses, steadily enhancing transaction pricing ability and customer service ability, and has thus actively transformed itself into a customer demand-oriented business. The Group leases trading seats to institutional investors, including mutual funds, insurance companies and the NSSF, which are not stock exchange members, enabling them to trade the securities in their investment portfolio on the stock exchanges. Through its customised prime brokerage trading system, the Group also provides fast and convenient securities trading services to private funds and other institutional investors. In 2017, the Group became one of the first companies to obtain the Bond Connect market-maker qualification, and to obtain permission to conduct pilot cross-border business and to license its foreign exchange client account system, and became the only option volatility surface market maker and nickel futures market maker in the industry. For the year ended 31 December 2023, the Group's Bond Connect business ranked third among securities companies in the overall market, and was awarded "Excellent Bond Connect Market Maker" for 2023.

Equity business

The Group trades stocks and funds for its own accounts and pursues absolute returns. The Group adheres to the parallel strategy of relative return and absolute return of equity investment by dynamically adjusting the size and structure of positions to make overall positions relatively stable. In respect of the market-making business of exchange-traded options, the Group continued to maintain a leading position in the industry with significant increase in the ETF market-making varieties and scale. In respect of the OTC equity derivatives business, the Group actively carried out the client demand-driven transaction and product business, and focused on enhancing the cross-border integrated service capabilities for customer needs with steady increase in business scale and the scale of OTC derivatives transactions in the field of private placement, maintaining an industry-leading position. For the years ended 31 December 2021, 2022 and 2023, the cumulative amount of additional nominal principal amount of OTC equity derivatives amounted to RMB389.11 billion, RMB467.98 billion and RMB884.01 billion, respectively.

The Group follows the principle of diversified investment and implements a dynamically adjusted stoploss and profit-taking mechanism. The Group aims to protect its investment gains by closely monitoring market risks and adjusting its warning and stop-loss limits accordingly. For both individual investments and investment portfolios, if the market prices of the securities the Group holds increase after its initial investment, the Group will move up the warning and stop-loss limits as appropriate, so that the Group can still protect its initial gains if the market price of the securities decreases afterwards. The Group has also established a limit for aggregated loss from its proprietary equity trading operations.

The Group engages in arbitrage and quantitative trading of derivative financial instruments in China. The Group adopts multiple strategies in multiple markets, utilising multiple financial products to identify and capture arbitrage opportunities and effectively hedge the risk from market fluctuations. Derivative financial instruments that the Group has used include CSI300 Index Futures, SSE50 Index Futures and SSE50 ETF Option. The Group's trading of derivative financial instruments has gradually expanded from traditional ETF arbitrage and stock market index futures arbitrage into Alpha strategy investment, market-making and trading of exchange traded options, equity return swaps, OTC options, structured notes and other OTC products. The Group adjusts its trading strategies and the scale of each type of hedging and quantitative trading activities from time to time, based on its assessment of the market conditions.

The Group also provides market-making services for financial products traded on stock exchanges. The Group is one of the major technical consultants for SSE50 ETF, the first ETF in China, as well as a liquidity service provider for one of the first cross-market ETF innovative products in China, a core member of SZSE100 ETF Major Innovation Alliance and a lead dealer of various ETFs, including SSE180 ETF. In 2015, the Group was qualified as a lead market-maker for SSE50 ETF Option. The Group was awarded the prize of "Outstanding Contributor to Auction Market" by Shanghai Gold Exchange. In January 2018, the Group obtained the qualification for the business of liquidation agency of RMB interest rate return swap, and in August 2018, the Group obtained the qualification of first-class dealer for over-the-counter options.

For the years ended 31 December 2021, 2022 and 2023, the net investment gains of the Group amounted to RMB10,300.2 million, RMB5,538.5 million and RMB9,120.4 million, respectively. The Group's customer demand-oriented services accelerated innovation, and steadily developed the "Guotai Junan Risk Hedging (國泰君安避險)" brand, resulting in full development of its major asset hedging business and a rapid growth of its OTC derivatives business.

Proprietary Trading

The Group's proprietary trading business conducts trading of stocks, funds, bonds, derivative financial instruments, commodities, currencies and other financial instruments with its own funds or on behalf of institutional investors through buying and holding, trading and market-making. The assets for the Group's proprietary trading business are recorded on its consolidated statement of financial position primarily as financial assets at fair value through profit or loss, debt instruments at fair value through other comprehensive income and financial assets held under resale agreements.

FICC Trading

The Group's FICC trading primarily involves fixed-income securities, commodities trading, including precious metals, as well as currencies (foreign exchange). The Group proactively develops non-directional FICC trading and enhances its trading capabilities for major global financial assets. The Group has established an industry-leading comprehensive FICC operation system and has maintained its industry-leading position.

Among the PRC securities companies, the Group was one of the first to engage in the fixed-income trading business, and has obtained qualifications for fixed-income trading and investment business. The Group has been qualified as a primary dealer in the open market and on the stock exchanges granted by PBOC. The Group is also qualified as a market maker for the interbank and stock exchanges bond market, interest rate swap business, bond-pledged quotation and repurchase business, carbon emission trading as well as a member of the underwriting syndicate for treasury bonds and financial bonds. The Group was also the first PRC securities company to qualify for interbank gold price inquiries. The Group was among the first batch of PRC securities companies that to be admitted as a member of the Shanghai Gold Exchange and was also the first PRC securities company to join the International Emissions Trading Association (“**IETA**”).

The Group follows a prudent investment strategy for its FICC business with the objective of maintaining a balance between income growth and earnings stability. Based on its research and assessment of China’s economic situation and policy trends, the Group actively explores new investment products and opportunities in the market. The Group emphasises risk management and hedge interest rate risk through derivative financial instruments, including interest rate swaps and treasury bond futures. Through diversified asset allocation, the Group seeks to reduce concentration risk of its portfolio and achieve long-term return while ensuring that the associated risks are measurable and manageable.

In respect of the fixed income business, the Group has continuously improved its profit model of proprietary investment, improved its operation capacity of mixed assets investment and achieved stable profits. In 2017, the Guarantor also became one of the first companies to obtain the Bond Connect market-maker qualification, and to obtain permission to conduct pilot cross-border business and to license foreign exchange client account systems, and became the only option volatility surface market maker and nickel futures market maker in the industry. In 2020, the Group’s credit derivatives business acquired the qualification for core trader of credit protection contracts at the Shanghai Stock Exchanges and Shenzhen Stock Exchanges, and jointly released the first CDS index “CFETS-SHCH-GTJA High-grade CDS index” and jointly worked as the index manager with the Foreign Exchange Trading Centre and Shanghai Clearing House. The Group also launched an over-the-counter interest rate option business and linked interest rate options to interest rate swap transactions of LPR. For the year ended 31 December 2023, the Group’s Bond Connect business ranked the third among securities companies in the overall market, as a result of which the Group was awarded “Excellent Bond Connect Market Maker” for 2023; in respect of the customer demand-oriented business, the Group strengthened the development of customer service capabilities, and innovated and enriched the types of customer demand-oriented products with steady growth of the scale of customer demand-oriented business in the PRC and overseas. In respect of FICC OTC derivatives, the Group strengthened the construction of customer service capabilities, innovated the types of customer-demand products, and enhanced the ability of customer-to-customer transactions. As at 31 December 2023, the scale of income certificates was RMB42.457 billion, representing an increase of 88.0 per cent. from the end of last year. The Group also published its China Stock & Bond Environment Auto-Rebalancing Index (中國股債平衡指數) and All-Weather Index (全天候指數) and issued income certificates linked to relevant indexes. In 2023, the cumulative transaction nominal principal of interest rate swaps was RMB1.56 trillion, with a market share of approximately 5.0 per cent. The scale of credit derivatives business increased by RMB29.266 billion, representing an increase of 64.0 per cent. as compared with the same period of last year. The Group created the first credit risk mitigation tool linked to Chinese-issued US dollar-denominated bonds and dim sum bonds in the market and the first credit-linked note linked to green bonds in the market. “Guotai Junan Risk Hedging (國泰君安避險)” entered into principal amortised interest rate swap (IRS) transactions. The Group’s FICC trading business also includes market-making business in the PRC interbank bond market, and it has obtained the qualification of the first batch of bond market makers on Shanghai Stock Exchange and Shenzhen Stock Exchange and the qualification of the first batch of dealers on the “Northbound Swap Connect”.

In respect of the foreign exchange business, the Group steadily carried out its RMB foreign exchange proprietary and foreign currency hedging trading business and continuously enriched its trading strategies to increase the trading level of derivatives such as swaps and options. Through RMB foreign exchange derivatives transactions, the Group hedged exchange rate risks for customers' stock positions under the "Southbound Stock Connect", and the scale of foreign exchange OTC option transactions grew rapidly.

In respect of the commodities business, the Group continued the promotion of exchange-traded proprietary trading of precious metals and bulk commodities and its cross-border OTC derivatives trading business, maintained the diversity and stability of its business models, explored cross-temporal, cross-species and cross-market arbitrage opportunities.

In respect of its carbon finance business, the Group mainly focused on carbon allowance and China Certified Emission Reduction (CCER) transactions in the domestic local pilot markets. The overall operation was stable. The trading volume of carbon finance business amounted to over 10 million tons, remaining leading in the industry.

Equity investment business

The Group conducts its equity investment business, including equity investment and financial product investment, primarily through Guotai Junan Zhengyu. Guotai Junan Zhengyu was incorporated in 2018 as an alternative investment subsidiary of the Guarantor. In 2020, Guotai Junan Zhengyu steadily carried out the equity investment business and promoted the co-investment of Sci-Tech Innovation Board projects. In 2021, Guotai Junan Zhengyu focused on the Group's strategic layout and key industries, systematically optimised the industrial investment layout, and actively promoted the co-investment of Sci-Tech Innovation Board and ChiNext projects. For the year ended 31 December 2023, Guotai Junan Zhengyu deepened its efforts in key industries, deepened organisational synergy, and yielded results in its proactive investment layout. For the year ended 31 December 2023, there were 24 new investment projects with additional investment in amount of RMB2,047 million and there was seven project which was divested. As at 31 December 2023, there were 73 investment projects with an investment amount of RMB5.447 billion, of which there were six new co-investment projects, with an investment amount of RMB684 million; additionally, there were 21 ongoing co-investment projects with the co-investment amount of RMB1.687 billion as at 31 December 2023.

Investment Banking

The Group's investment banking business provides listing sponsorship, equity underwriting, debt underwriting, structured debt financing, M&A financial advisory and diversified corporate solutions to corporate and government clients. The Group's investment banking business covers all major PRC regions and all major industries. In particular, the Group has accumulated extensive experience in the finance, energy, infrastructure, IT, consumer goods and healthcare industries. The Group also focuses on emerging industries and closely tracks companies with significant growth potential in those industries.

The Group's investment banking business has a solid client base. The Group focuses on building and maintaining long-term relationships with, and providing one-stop, full life cycle investment banking services to, its corporate clients. Through close coordination between its M&A advisory business and its equity and debt financing businesses, the Group develops deep relationship with its clients, in order to satisfy their various needs, and to grow together with them. For the years ended 31 December 2021, 2022 and 2023, the total revenue and other income of the Group's investment banking business was RMB3,736.18 million, RMB4,215.71 million and RMB3,669.21 million, respectively, accounting for 6.62 per cent., 8.59 per cent. and 7.02 per cent., respectively, of the Group's total revenue and other income.

The Group highly values its continuous innovation in the investment banking business and has maintained a leading position in terms of innovation capabilities. The following table sets forth some significant achievements by its investment banking business, which were first-of-a-kind:

Year	**Issuer**	**Highlights**
2022	C*Core Technology Co., Ltd.	First listed Embedded CPU provider
2021	Shenzhen Sine Electric Co., Ltd.	First listed company in the industry of industrial automation control
	Dongguan Tarry Electronics CO., Ltd.	The largest IPO in the Guangdong-Hong Kong-Macao Greater Bay Area
2020	Ninebot Limited	First red-chip company listed on the Science and Technology Innovation Board
	MEMSensing Microsystems (Suzhou, China) Co., Ltd.	First listed MEMS chip provider
2019	Amlogic (Shanghai) Co., Ltd.	Obtained "Approval Letter No. 001" on the Science and Technology Innovation Board issued by the Shanghai Stock Exchange for the supervision of the issuer's initial public offering
2018	Shanghai Electric Power Co., Ltd.	First M&A project involving Pakistan in the A-share market
	WuXi AppTec Co., Ltd.	First "unicorn" company that has returned to A shares and has global influence
	HongShi Holding Group Co., Ltd.	First "Belt and Road" corporate bonds publicly issued in the PRC
2014	Agricultural Bank of China Limited	First preferred share issuance in the PRC
2012	China International Marine Containers (Group) Co., Ltd.	First conversion of B shares into H-Shares and listing
	China Communications Construction Company Limited	First merger by absorption of an A-Share listed company through issuance of A-Shares by an H-Share listed company and concurrent secondary offering
2008	China Zheshang Bank Co., Ltd.	First asset securitisation based on small and medium enterprises mortgage loans in the PRC
2006	Industrial and Commercial Bank of China	First A-Shares and H-Shares concurrent listing
	Industrial Bank Co., Ltd.	First hybrid capital bond issuance by a commercial bank in the PRC
	Shanghai International Port (Group) Co., Ltd.	First listing of the entire enterprise through H-Share conversion and merger by absorption after the PRC Shareholders structure reform
	Shanghai Pudong Road & Bridge Construction Co., Ltd.	First corporate asset securitisation in the PRC

Year	Issuer	Highlights
2005	Baoshan Iron & Steel Co., Ltd	First warrant issuance as part of the PRC shareholders structure reform
	China Development Bank Corporation	First credit asset securitisation in the PRC
1999	Sinopec Maoming Refining and Chemicals Co., Ltd. One of the first convertible bond issuances in the A-Share market	

The Group has earned an excellent market reputation and influence. The following table sets forth major awards its investment banking business and investment banking team has received in recent years.

Year	Issuer	Highlights
2023	Best Local Investment Bank, Best Investment Bank in ESG practice, Best Investment Bank in Equity Underwriting, Best Investment Bank in Debt Underwriting, Best Refinancing Investment Bank, Best IPO Investment Bank	New Fortune
	Outstanding Comprehensive Service, Consulting and Support Provider for Central Enterprises	Shanghai Stock Exchange
	Top 10 Investment Banks in 2023	Yicai
	Capital MarketCrystal Ball Awards in 2023: Annual Top Ten Investment Banks in 2023	Securities Market Weekly
2022	Best Investment Bank in the PRC	New Fortune Magazine
	Outstanding Underwriters of Corporate Bonds in 2022	Shanghai Stock Exchange
	Excellent Intermediary Agency for Fixed Income Innovative Products in 2022	Shenzhen Stock Exchange
	ChinaBond member business development quality evaluation in 2022- Annual Bond Market Leader, Excellent Bond Underwriting Institution, Outstanding Corporate Bond Underwriting Institution, Outstanding Local Bond Underwriting Institution	China Government Securities Depository Trust & Clearing Co., Ltd.
2021	Investment Bank Junding Award: All round Investment Banks in China, Investment Banks in STAR Market, Independent Financial Advisor, Financial Advisory Project and Investment Banker, Wealth Broker Junding Award: H share Broker, Investment Advisory Team, Investor Education Team, Asset Management Junding Award: All-round Asset Manager, ABS Asset Management Team	Securities Times
	Best Investment Bank, Best A-Share Equity Underwriter, Best A-Share IPO Underwriter, Best A-Share Refinancing Underwriter, Best Bond Underwriter	Wind
2020	Best Investment Bank	Financing China Magazine
2019	Outstanding Corporate Bond Underwriter, Outstanding Innovation Institution for Bond Business, Outstanding Local Government Bond Underwriters, Outstanding Participating Institution for Product Innovation	Shanghai Stock Exchange

Year	Issuer	Highlights
2018	Outstanding Local Government Bond Underwriters, Outstanding Corporate Bond Underwriter, Outstanding Innovation Institution for Bond Business, Outstanding Participating Institution for Product Innovation	Shanghai Stock Exchange
	Outstanding Non-Bank Underwriters, Best Contribution for Local Bond Non-Bank Underwriters	China Government Securities Depository Trust & Clearing

The Group's investment banking business primarily includes equity financing, debt financing, and financial advisory. For the years ended 31 December 2021, 2022 and 2023, the Group's lead underwriting amount of securities was RMB942.4 billion, RMB868.4 billion and RMB852.4 billion, respectively. For the year ended 31 December 2023, the Group's lead underwriting amount of securities ranked third in the industry.

Equity Financing

The Group's equity financing business primarily comprises IPOs, refinancing and preferred share issuances. In response to its corporate clients' profiles and their differentiated requirements with respect to equity and capital structures, the Group offers various equity financing instruments and financial services to address their demand for equity capital at different stages of their life-cycle.

While actively developing its IPO business, the Group is committed to the development of high value-added services. The Group focuses on exploring refinancing needs for its IPO clients and M&A clients, and emphasises refinancing mandates, including private placements, rights issuances and convertible bond issuances, as well as preferred share issuances. As a result, the Group is able to maintain the diversity of its equity financing products. For the year ended 31 December 2023, its lead underwriting amount of equity interest was RMB56,640 million, ranking sixth in the industry. In terms of the Group's IPO business, the amount of lead underwriting by the Group was RMB31,714 million, ranking fourth in the industry.

The following table sets forth an overview of the Group's primary equity financing business for the periods indicated:

	For the year ended 31 December		
	2021	2022	2023
	(RMB in millions, except for the number of transactions)		
IPOs			
Number of lead underwritings	25	31	22
Amount of lead underwritings	30,283	29,526	31,714
Refinancing			
Number of lead underwritings	47	37	34
Amount of lead underwritings	71,295	42,040	24,926
Total			
Number of lead underwritings(1)	72	68	56
Amount of lead underwritings(2)	101,578	71,566	56,640

Notes:

(1) The aggregate number of lead underwritings of IPOs and refinancing.

(2) The aggregate amount of lead underwritings of IPOs and refinancing.

Debt Financing

The Group has a strong debt financing business. The Group is a leader among domestic securities companies with a large collection of debt financing business qualifications. The Group is a member of the MOF underwriting syndicate for treasury bonds as well as the underwriting syndicate for financial bonds issued by the Three Policy Banks. The Group is qualified to lead the underwriting of various debt financing instruments, including enterprise bonds, corporate bonds, financial bonds and private placement notes by non-financial enterprises. The Group has also acted as a lead underwriter for many large debt securities offerings by China Railway Corporation, State Grid Corporation of China, China National Petroleum Corporation, China Petrochemical Corporation and State Development & Investment Corporation. The Group proactively leverages the market trend of proliferating debt financing instruments, and leads in the underwriting of innovative bond instruments, including asset-backed securities, green financial bonds and panda bonds. For the year ended 31 December 2023, the lead underwriting amount of bonds was RMB795,809 million, ranking third in the industry.

The table below sets forth an overview of the Group's debt financing business for the periods indicated:

	For the year ended 31 December		
	2021	**2022**	**2023**
	(RMB in millions, except for the number of transactions)		
Enterprise bonds[1]			
Number of lead underwritings	51	34	21
Amount of lead underwritings	32,080	20,204	8,358
Corporate bonds			
Number of lead underwritings	455	560	798
Amount of lead underwritings	217,772	235,300	317,829
Financial bonds			
Number of lead underwritings	118	122	180
Amount of lead underwritings	240,877	188,121	196,792
Other bonds[2]			
Number of lead underwritings	1,241	734	1,024
Amount of lead underwritings	350,108	202,494	272,830
Total			
Number of lead underwritings[3]	1,865	1,450	2,023
Amount of lead underwritings[4]	840,837	646,119	795,809

Notes:

(1) Enterprise bonds do not include bonds issued by government-backed agencies.

(2) Other bonds include debt financing instruments for non-financial businesses, ABS, standardised bills, exchangeable bonds and bonds issued by government-backed agencies.

(3) The aggregate number of transactions of enterprise bonds, corporate bonds, financial bonds and other bonds.

(4) The aggregate amount of lead underwritings of enterprise bonds, corporate bonds, financial bonds and other bonds.

Financial Advisory

The Group's financial advisory business focuses on corporate M&A and asset restructuring. For the year ended 31 December 2023, the M&A and restructuring projects approved by the CSRC and stock exchanges involved a transaction amount of RMB3,337 million. For the years ended 31 December 2021, 2022 and 2023, fee and commission income from its financial advisory business was RMB277.0 million, RMB228.4 million and RMB222.6 million, respectively.

Investment Management

The Group's investment management primarily includes asset management and fund management services to institutions and individuals, as well as its private equity fund management.

Asset Management

The Group primarily conducts its asset management business through Guotai Junan Asset Management. Its asset management business charges management fees based on the AUM and performance fees based on business performance. The Group's asset management services include targeted asset management schemes, collective asset management schemes, specialised asset management schemes and mutual funds management schemes. As at 31 December 2023, the AUM of Guotai Junan Asset Management was RMB543.092 billion, of which the collective assets under management, single assets under management, specialised assets under management and mutual funds under management amounted to RMB219.282 billion, RMB127.264 billion and RMB142.798 billion and RMB53.748 billion, respectively.

In 2020, Guotai Junan Asset Management completed the reconstructions for five large-scale collective products participating in mutual funds, and obtained approval for the qualification of its mutual funds business from CSRC. In 2023, 18 public offering products were newly issued by Guotai Junan Asset Management, with a total IPO size of RMB11.092 billion.

As at 31 December 2021, 2022 and 2023, the scale of asset management of Guotai Junan Asset Management was approximately RMB384.2 billion, RMB433.4 billion and RMB543.1 billion, respectively.

The following table sets forth the scale of asset management of Guotai Junan Asset Management as at the dates indicated.

	As at 31 December		
	2021	**2022**	**2023**
		(RMB in billions)	
Collective asset management business[1]	106.8	154.6	219.3
Single asset management business	143.2	124.4	127.3
Specialised asset management business	110.1	109.9	142.8
Mutual funds management business[1]	24.1	44.4	53.7

Note:

(1) The calculation of the scale of collective asset management and mutual funds management business is based on the net management asset.

Guotai Junan Asset Management was one of the first asset management companies approved in the securities industry in the PRC. It has maintained an industry-leading position over the years. In January 2021, Guotai Junan Asset Management obtained the qualification for its securities investment fund management business for public offering from the China Securities Regulatory Commission. For the years ended 31 December 2021, 2022 and 2023, the operating revenue of Guotai Junan Asset Management was RMB2,070 million, RMB1,321 million and RMB1,435 million, respectively. Guotai Junan Asset Management strives to balance the scale and quality of the AUM, and provides diversified asset management solutions based on the different requirements of clients in terms of risk appetite, return and liquidity. It has formed multiple product clusters with multiple asset classes, including stocks, funds, bonds, currencies and multiple strategies including quantitative, market value management and overseas investments. Guotai Junan Asset Management emphasises developing discretionary management capability and discretionary management products, aiming to achieve absolute returns for clients.

The Group's innovation capability is a distinguishing feature and strength of its asset management business. Innovative products of Guotai Junan Asset Management include:

- in 2023, the issuance of GTJA Urban Investment Kuanting Affordable Rental Housing REIT (國泰君安城投寬庭保租房 REIT), the largest affordable rental housing REIT in terms of issue size in the PRC market;
- in 2022, issuance of the "Guojun-Hangzhou Huanglong Hotel Green Asset Support Special Plan (Carbon Neutral)" (國君–杭州黃龍飯店綠色資產資產支持專項計劃(碳中和)), the first carbon neutral hotel CMBS in the PRC;
- in 2021, the establishment of Guojun Asset Management-China Power Investment, Financing and Leasing ABS (國君資管–中電投融和租賃綠色ABS), the first financial leasing ABS product specially used for "carbon neutrality";
- in 2020, the establishment of HuaAn Zhangjiang Guangdayuan REITs (華安張江光大園REITs), one of the first batch of infrastructure REITs;
- in 2019, issuance of Guotai Junan Jundeming Hybrid Collective Asset Management Plan (國泰君安君得明混合型集合資產管理計劃), one of the first batch of GCSEs approved for transformation;
- in 2016, issuance of "GD Power Ningxia New Energy Electricity On-grid Tariff Asset-backed Specialised Scheme (國電電力寧夏新能源電力上網收費權資產支持專項計劃)", the first asset-backed specialised scheme based on the economic interests of tariff from wind power as a green energy in the industry, which has been listed on the Shanghai Stock Exchange;
- in 2015, issuance of "Huatai Guojun Margin Loan Receivables No. 1 Asset-backed Specialised Scheme (華泰國君融出資金債權1號資產支持專項計劃)", the first asset-backed specialised scheme based on margin financing and securities lending receivables in the industry, which has been listed on the Shanghai Stock Exchange;
- in 2014, launch of "Junhui Wilshire Global Prime (君匯Wilshire全球尊享)", the first FOF-type QDII product in the industry;
- in 2012, issuance of "Junxiang Growth (君享成長)", the first statistical arbitrage product in China; and
- in 2011, issuance of "Junxiang Quantitative (君享量化)", the first hedge fund product in China.

The following table sets forth major awards received by Guotai Junan Asset Management in recent years.

Year	Award	Awarding Body
2023	2023 Junding Award for Allround Asset Management Institution in Chinese Securities Industry, Junding Award for Asset Management Fixed Income Team, Junding Award for Asset Management Equity Team	Securities Times • Brokerage China
	Excellent Model Broker Asset Management Institution	China Fund
	Golden Tripod Award for Fixed Income Asset Management Team in 2023	National Business Daily
2022	2022 Junding Award for All-round Asset Management Institution in China Securities Industry, Junding Award for Asset Management Fixed Income Team, Junding Award for Asset Management ABS Team, Junding Award for Asset Management Quantitative Team, Junding Award for Quantitative Asset Management Plan	Securities Times • Brokerage China
	Outstanding Broker Asset Management Award, Outstanding Innovative Broker Asset Management Award of Ying Hua Award	China Fund
2020	China Fund News Yinghua Award – Best Assets Management Securities Company of the Year, Best Fund Sales Broker of the Year, Best Private Equity Custodian Broker of the Year, Best Broker Asset Management of the Year	China Fund News
	Gold Bull Award "Best Asset Management Team Award", "Best Assets Management Securities Company of the Year"	China Securities Journal
2019	Gold Bull Award	China Securities Journal
	"Best Wealth Management Team Award"	
	Excellent Wealth Management Brand of China, Jun Ding Award for Fixed- Income Investment Team in China	China Wealth Management Jun Ding Award (中國財富管理君鼎獎) of Securities Times
2018	Excellent Manager of Asset-Backed Special Programs, Asset Securitisation Comprehensive Innovation Award	Shanghai Stock Exchange
	Excellent Wealth Management Brand of China, Jun Ding Award for Fixed-Income Investment Team in China	China Wealth Management Jun Ding Award (中國財富管理君鼎獎) of Securities Times

Some of Guotai Junan Asset Management's asset management products are structured into senior and subordinated tranches. As part of its overall asset allocation strategy, the Group may, from time to time, uses its own capital to subscribe for a portion of the subordinated tranche of these asset management products in order to provide credit enhancement to these products.

Private equity fund management

The Group conducts its private equity fund management business, including private equity investment and principal investment, primarily through Guotai Junan Innovation Investment, which obtained a fund manager licence in May 2018 and won the Golden Bull Award in China Equity Investment. Guotai Junan Innovation Investment and its fund management platform act as fund manager for private equity investment funds. Meanwhile, Guotai Junan Innovation Investment invests its own funds into the private equity investment funds and realises profits through investment gains, performance incentives and management fees. The Group conducts financial or strategic principal investment in high-quality enterprises with its own funds primarily through Guotai Junan Innovation Investment.

Guotai Junan Innovation Investment and government-guided funds, industrial parks, industrial groups, listed companies, financial institutions and social capital jointly promote a series of investment funds, including NEEQ funds, project funds, industrial funds, M&A funds, debt funds and real estate funds. Guotai Junan Innovation Investment follows the philosophy of value investment, and focuses on the profitability and sustainable development of portfolio companies. It has rich investment experience in many sectors, including bio-medicine, IT, energy conservation and environmental protection, new materials, consumption and culture and media, and has established a layered investment project pipeline.

In October 2017, Guotai Junan Innovation Investment became one of the first normative platforms that obtained such accreditation. In February 2018, the incorporation of Guotai Junan Zhengyu Investment Co., Ltd., an alternative investment subsidiary of the Guarantor, was completed. Since 2021, Guotai Junan Innovation Investment has been focusing on building the capacities of fund-raising, investment, management and withdrawal by further developing the market of key industries, putting more efforts in exploring high-quality projects, and motivating better performance in investment through differentiated portfolios of investment and value-creation strategies. For the year ended 31 December 2023, Guotai Junan Innovation Investment steadily promoted fund raising with a sustained growth in the scale of assets under management, strengthened cooperation with industrial capital, deepened investments in science and technology, optimised the mechanism for post-investment management, promoted diversified withdrawal of projects and fully improved its core business capabilities of "fundraising, investment, management and withdrawal". For the year ended 31 December 2023, Guotai Junan Innovation Investment completed the establishment of third new funds, including Shanghai Pudong Leading Area Guotai Junan Science and Technology Innovation Private Equity Fund I Partnership (Limited Partnership) (上海浦東引領區國泰君安科創一號私募基金合夥企業(有限合夥)), was completed with a fundraising scale of RMB6.1 billion in aggregate; 21 new investment projects (including sub-funds) were established under its funds with subscribed capital contribution of RMB1.54 billion. Guotai Junan Fund of Funds focused on key industries to proceed with external investments steadily. As at 31 December 2023, the subscription amount for external investments reached RMB6.925 billion.

The following table sets out an overview of the Group's private equity investment business for the periods and as of the dates indicated:

	As at 31 December		
	2021	2022	2023
Number of managed funds (unit)	40	37	38
Cumulative committed capital of managed funds (RMB in millions)	42,902	57,334	62,104
Cumulative paid-in capital of managed funds (RMB in millions)	38,835	39,985	40,790

Fund Management

The Group's fund management business primarily manages mutual funds and provides asset management services to high-net-worth individuals, commercial banks and other institutional investors. The Group primarily conducts its fund management business through HuaAn Funds.

HuaAn Funds was among the first batch of fund management companies approved by CSRC and has won the "Golden Bull Award" and the "Outstanding Contribution to 20 Years of China Fund Industry" Award. As at 31 December 2023, assets under management of HuaAn Funds amounted to RMB675.292 billion, among which, the assets under management of mutual funds amounted to RMB604.077 billion, maintaining a steady but rising trend.

International Business

In Hong Kong, the Group primarily conducts brokerage, corporate finance, asset management, loans and financing, financial products, market-making and investment business through Guotai Junan International. Meanwhile, the Group has built its international business platform around Guotai Junan Financial Holdings. The Group has also expanded its presence into the United States, Europe and Southeast Asia, and is qualified to conduct M&A advisory business in the United States and asset management business in Singapore. For the years ended 31 December 2021, 2022 and 2023, the total revenue and other income of the Group's international business was RMB3,661.69 million, RMB2,436.63 million and RMB4,691.32 million, respectively, representing 6.49 per cent., 4.96 per cent. and 8.97 per cent., respectively, of the Group's total revenue and other income. As at 31 December 2023, the Group holds approximately 73.74 per cent. of the total issued shares of Guotai Junan International. Guotai Junan International calmly responded to market changes, strengthened risk prevention, optimised asset quality, and enhanced cross-border collaboration capabilities. As such, Guotai Junan International completed four IPO projects and two GDR projects in 2023, with significant growth in financial products, stock underwriting and interest income.

Guotai Junan International is a forerunner and leader in the internationalisation of PRC securities companies. In July 2010, Guotai Junan International became the first PRC securities company conducting business in Hong Kong to be listed in Hong Kong through an IPO. Guotai Junan International is one of the companies with the most comprehensive business varieties, the strongest comprehensive strength and best operating performance among PRC securities companies in Hong Kong. In March 2011, Guotai Junan International was admitted as a constituent stock of the Hang Seng Composite Index. In September 2015, Guotai Junan International was admitted as a constituent stock of the Hang Seng Composite MidCap Index. In 2019, Guotai Junan International continued its international expansion with the completion of its acquisition of Vietnam Investment Securities Co., Ltd. In December 2023, the subsidiary in the United Kingdom has been approved by the Financial Conduct Authority to obtain the license of Investment Company.

The Group's international business has established a comprehensive business platform centred around Hong Kong, and provides diversified and integrated financial services to both domestic and overseas clients through close cooperation between its domestic and international business teams. With the Group's large client base in China, its international business proactively captures the business opportunities in overseas listing and financing, overseas investment and cross-border M&A from Chinese enterprises. The Group has enhanced the cross-border operation of its wealth management business by capturing cross-border investment opportunities provided by the Shanghai-Hong Kong Stock Connect, the Shenzhen-Hong Kong Stock Connect, and Mainland-Hong Kong Mutual Recognition of Funds, and through exploring in depth the cross-border wealth management demand of affluent and high-net-worth clients. Meanwhile, the Group has been actively developing its cross-border asset management services and products, primarily through QDII, QFII and RQFII asset management schemes, to provide domestic and foreign investors with tailored cross-border investment services.

The following table sets forth a breakdown of the revenue of Guotai Junan International by business lines for the periods indicated:

	Year ended 31 December					
	2021[(1)]		2022[(2)]		2023[(2)]	
	Amount (HK$ in thousands)	**Percentage (per cent.)**	**Amount (HK$ in thousands)**	**Percentage (per cent.)**	**Amount (HK$ in thousands)**	**Percentage (per cent.)**
Fee and commission income	1,626,079	41.00	866,142	37.42	689,574	21.43
Interest income	2,280,539	57.50	1,486,261	64.20	1,810,154	56.26
Net trading and investment income/(loss)	59,797	1.50	(37,486)	(1.62)	717,644	22.31
Total	**3,966,415**	**100.00**	**2,314,917**	**100.00**	**3,217,372**	**100.00**

Notes:

(1) Derived from Guotai Junan International's annual report for the year ended 31 December 2022.

(2) Derived from Guotai Junan International's annual report for the year ended 31 December 2023.

The following table sets forth major awards received by Guotai Junan International in recent years.

Year	**Award**	**Awarding Body**
2023	Underwriting Contribution Award in Macau Bond Market Contribution Awards (Non-local Institutions)	Macao Central Securities Depository and Clearing Limited
	Gold Award of ESG Corporate Awards and Top Investment Houses in Asian G3 Bonds in 2023	The Asset
	5th Golden Central Financial Institutions List: "Best Fintech Performance Award"	Zhitongcaijing
	Most Respected Enterprise in Asia, Best ESG in Asia, Best Board of Directors in Asia, Best IR Program in Asia	Institutional investor
	"Best Investor Relations Company" in the 13th Asian Excellence Awards	Corporate Governance Asia
	Outstanding ESG Award	Institute of ESG & Benchmark
2022	2022 Primary Market Innovation Award	Bond Connect Company Limited
	Junding Award for Hong Kong Stock Brokers in Securities Industry of China in 2022	Securities Times • Brokerage China
2021	Best Retail Broker (Hong Kong) and Best Analyst/ Commentator (Hong Kong)	Asiamoney Magazine
	Best Financial Company, Best Wealth Management and The Most Comprehensive Securities Company	Zhitong Finance
	Asian High Yield Fund Investment Performance Award	Investments and Insights
	iFAST Wealth Advisor Awards	iFAST
	China's Cutting-edge Private Equity Investment Institution	Investment Research Institute

Year	Award	Awarding Body
	"Excellence Award" of "Securities Company of the Year in the Greater Bay Area", "Excellence Award" for "Risk Management" and "Excellence Award" "Greater Bay Area Wealth Management Platform"	Bloomberg Businessweek
	The Second Place in the "Best Investor Relations" in the Banking Sector (Seller) and Respected Company	Corporate Investor
	Best Investor Relations Company, Best Investor Relations (Chairman/CEO) – Dr. Yan Feng, Best Investor Relations (CFO) – Mr. Li Guangjie, Best Investor Relations Team, Best ESG (Environment), Best ESG (Social), Best ESG (Corporate Governance), Best Investor Presentation Materials and Best Annual Report	Hong Kong Investor Relations Association
	Best Securities Company	Asia Risk Magazine
	Best Financial Services Award in Guangdong-Hong Kong-Macao Greater Bay Area	Pilot "9+2"
	Best Investor Relations Company	Corporate Governance in Asia
	Best Listed Company, Best ESG and Capital Market Star Investment Bank	China Financing Magazine
	CarbonCare ESG Label	Low-Carbon Asia, Low-Carbon Thinking Workshop
	ESG – Gold Award	The Asset
	Listed Company Excellence Awards 2021	The Letter
2020	The Best Securities House	International Finance Magazine
	Best Full-Service Broker Hong Kong 2020	STCN (Securities Times)
	"Excellence Award" of the "Risk Management", "Excellence Award" of the "IPO Sponsors" and "Excellence Award" of the "FICC"	by Bloomberg Businessweek
	Best Asset Management Company Hong Kong 2020 and Best Investment Bank Hong Kong 2020	International Business Magazine
	Sina Finance Hong Kong Financial Institutions Awards 2020: The Best IPO Advisers	Sina.com
	House of the Year, Hong Kong	AsiaRisk
	The Most Competitive Wealth Management Platform	Ifeng.com
	Best Securities Brokerage Hong Kong 2020, Best Financial Services Group Hong Kong 2020 and Best Corporate Governance Company Hong Kong 2020	Global Banking & Finance Review
	Best Bank for Investment Solutions, Equity and Best Structured Investment and Financing Solutions, Financing – SWAP Transaction Restructuring for Financing Purpose, Hong Kong	The Asset

Year	Award	Awarding Body
	Best Investor Relations Team Award	Gelonghui
	Refinitiv StarMine Analyst Award 2020; Mr. Noah Hudson from Research Department Received: Top Earning Estimator – Overall Analyst Awards (Hong Kong and Mainland China): Runner-Up Top Earning Estimator ~ Overall Analyst Awards (Asia): Ranked 4th Top Earning Estimator – Consumer Goods & Service (Hong Kong and Mainland China): Ranked 2nd Top Earning Estimator – Consumer Discretionary (Asia): Ranked 2nd; And Mr. Richard Cao from Research Department Received: Top Earning Estimator – Financials (Hong Kong and Mainland China): Ranked 1st Top Earning Estimator – Banks (Asia): Ranked 2nd	Refinitiv
	CarbonCare ESG Label 2020: Best Practice in ESG Reporting Level 3	CCA
	Best International House (offshore)	SRP
	2020 Offshore China Fund Awards, Private Fund: Greater China Fixed Income (1 year) and Private Fund: Greater China Fixed Income (3 year) Best ETF Participating Dealer	China Asset Management Association of Hong Kong (CAMAHK) and Bloomberg
	The Asset ESG Corporate Awards 2020: Gold Award	The Asset
2019	Best Equity Deal (Hong Kong IPO), Best FIG Bond Deal, Gold Award – Corporate Governance and Investor Relations	The Asset
	Outstanding Chinese Futures Broker Award	Hong Kong Exchange
	Best Investment Value award for Listed Companies	Ta Kung Pao
	Hong Kong House of the Year	Asia Risk
	Gold Award – Financial services – Brokerage, Gold Award – Financial services – Venture Capital, Honour Award – Asset Management	Mercomm Inc
	Gold – Financial – Capital Market, Gold – Financial – Diversified Services	League of American Communication Professionals
	Most Valuable Company in Financial Innovation	Snowball
	Best Corporate Governance, Star Investment Bank	China Financial Market
	Asia's Best CEO, Best Investor Relations Company	Corporate Governance Asia
	Excellence Award in Wealth Management Platform, Excellence Award in Cross-border Financial Service, Outstanding Award in Derivatives Provider of the Year	Bloomberg Businessweek
	The Best Investor Relations Team award	Gelonghui
	No. 2 in Transportation and Industrials Sector, No. 3 in Transportation Sector, No. 3 in Transportation Sector	Refinitiv Starmine

Year	Award	Awarding Body
	The Most Competitive Wealth Management Institution	Phoenix Finance
	The Best Information Disclosure award	Roadshow China
2018	Best Hong Kong Deal	Finance Asia
	Gold Award (Environmental, Social and Governance)	The Asset
	Best Investor Relations Company	Sina Finance
	Securities House of the Year 2018	Asia Risk
	Outstanding Hong Kong Enterprise	Economic Digest
	ARC Bronze Award	Mercomm Inc
	Vision Award – Gold	LACP
	Top Stock Pickers award in the Overall Analyst Awards and Top Stock Pickers award for the Automobiles industry in the Industry Analyst Awards category	Thomson Reuters Analyst Award by Thomson Reuters
	Asia's Best CEO and Best Investor Relations Company Wealth Management Jun Ding Award	The 8th Asia Excellence Award by Corporate Governance Asia
	Best Investor Relations Company	Quam IR
	Excellence Award in Risk Management, Excellence Award in Corporate Finance, and Outstanding Award in Derivative Provider of the Year	Financial Institution Awards 2018 by Bloomberg Businessweek

INTELLECTUAL PROPERTY RIGHTS

As at the date of this Offering Circular, the Group is not aware of any material alleged infringement of its intellectual property rights.

MARKET AND COMPETITION

The PRC securities industry is highly regulated and the PRC securities companies must comply with a large number of regulations in every aspect, including business licence, scope of products and services, business development and risk management. Competition in the PRC securities industry has been and will likely remain intense. The Group's major competitors are other securities companies with similar service scope and business scale. The Group also competes with other financial institutions, including fund management companies, commercial banks, insurance companies and trust companies. The Group competes on many aspects, including market penetration, range of products and services, price, innovation capability, quality of service, marketing and sales channels, execution capability, reputation and employee compensation.

For example, for its institutional finance business, the Group competes primarily with other securities companies as well as commercial banks (principally on debt underwriting business) in terms of brand recognition, product portfolio, marketing and underwriting capabilities, service quality, financial strength and pricing; for its investment management business, the Group competes primarily with other securities companies, fund management companies, commercial banks and insurance companies in terms of the scope of products and services, pricing and quality of client services; for its international business, the Group mainly competes in Hong Kong with other securities companies in brand recognition, product portfolio, service quality and pricing. The Group is also exposed to intense competition from other foreign financial institutions as the Group plans to expand its international business.

Some of the Group's competitors may enjoy certain competitive advantages, including greater financial resources, more sophisticated management experience, more advanced IT systems, wider geographic coverage, better understanding of local markets and the ability to offer more diversified financial product and services. In recent years, other financial institutions, such as domestic commercial banks, insurance companies and trust companies are using their advantages in capitals, channels and client resources to expand into traditional business segments such as investment banking, asset management and wealth management, and are seeking to tap into the securities industry through establishment of new business or M&A. If regulations on comprehensive operations change in the future, the securities industry may face even greater competition. Moreover, as China gradually opens its securities industry to the world, increases its shareholding capital to foreign investors in securities companies, and broadens the business scope of foreign-invested securities companies, international investment banks with strong capital, advanced management and excellent business capabilities will participate in domestic markets more frequently, which will further increase the competitive pressure on the domestic securities companies. The Group believes that the financial service industry in China will become increasingly competitive, which will accelerate the transformation and differentiation of PRC securities companies.

The Group is also exposed to competition in attracting and retaining talents. Securities companies are also facing intense competition for sponsor representatives, financial consultants, investment managers, research analysts and IT experts. The Group's ability to compete continuously and effectively in business is also subject to its ability to attract more talents and retain and motivate existing talents.

EMPLOYEES

As at 31 December 2023, the Group had 15,086 employees. During the years ended 31 December 2021, 2022 and 2023 and up to the date of this Offering Circular, the Group has not experienced any strikes, protests or other material labour disputes that may materially impair its business and corporate image. The Group has established a labour union and believes that it has maintained a good relationship with its employees.

INSURANCE

The Group believes that it has maintained such insurance coverage as it considers necessary and sufficient for its operations and customary for the industry in which the Group operates and all of the Group's insurance policies are underwritten with reputable insurance providers and reviewed annually. However, the Group's policies are subject to standard deductibles, exclusions and limitations. Therefore, insurance might not necessarily cover all losses incurred by the Group and it cannot provide any assurance that it will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, its insurance policies.

LEGAL PROCEEDINGS

The Group is a party to a number of legal proceedings arising in the ordinary course of its business. During the years ended 31 December 2021, 2022 and 2023, and up to the date of this Offering Circular, there were no legal proceedings pending or threatened against the Group that could, individually or in the aggregate, have a material effect on its business, financial condition or results of operations.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

The Board currently consists of 17 directors, amongst whom three are executive directors, eight are non-executive directors and six are independent non-executive directors. The Board is responsible, and has the general authority for, the management and operation of the Guarantor. The directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office. The independent non-executive directors shall not hold office for more than six consecutive years.

The following table sets out the members of the Board, their respective positions and ages as at the date of this Offering Circular.

Name	Age	Title
Mr. Zhu Jian (朱健)	52	Chairman of the Board and Executive Director
Mr. Li Junjie (李俊傑)	48	Vice chairman of the Board, Executive Director and President
Mr. Nie Xiaogang (聶小剛)[1]	52	Secretary of the Board, Vice President, Chief Financial Officer and Chief Risk Officer
Mr. Liu Xinyi (劉信義)	58	Non-executive Director
Ms. Guan Wei (管蔚)	52	Non-executive Director
Mr. Zhong Maojun (鍾茂軍)	54	Non-executive Director
Mr. Chen Hua (陳華)	49	Non-executive Director
Mr. Sun Minghui (孫明輝)	42	Non-executive Director
Mr. Zhang Manhua (張滿華)	49	Non-executive Director
Mr. Zhang Yipeng (張義澎)	59	Non-executive Director
Mr. An Hongjun (安洪軍)	48	Non-executive Director
Mr. Ding Wei (丁瑋)	64	Independent Non-executive Director
Mr. LI Renjie (李仁傑)	69	Independent Non-executive Director
Mr. Bai Wei (白維)	59	Independent Non-executive Director
Mr. Wang Guogang (王國剛)	68	Independent Non-executive Director
Mr. Yim, Chi Hung Henry (嚴志雄)	62	Independent Non-executive Director
Mr. Pu Yonghao (浦永灝)	66	Independent Non-executive Director

Mr. Zhu Jian (朱健), aged 52, holds a Master of Business Administration and Master of Laws. Mr. Zhu has been appointed as the chairman of the Board and an executive Director of the Guarantor since 29 December 2023. Mr. Zhu successively served as the deputy director of the Information Research Department of the Shanghai Securities Regulatory Office of the CSRC (中國證監會上海證管辦), the deputy director and director of the Information Research Department of the Shanghai Bureau of the CSRC, the head of the general office and the director of the Institutional Second Division of the Shanghai Bureau of the CSRC, the assistant of director general and deputy director general of the Shanghai Bureau of the CSRC, and the vice president of the Guarantor. Mr. Zhu also served as the vice chairman and president of Bank of Shanghai Co., Ltd. (上海銀行股份有限公司) from October 2020 to December 2023.

Mr. Li Junjie (李俊傑), aged 48, holds a Master of Economics. Mr. Li has been appointed as the President of the Guarantor since 23 January 2024, and the vice chairman of the Board and executive Director of the Guarantor since 20 March 2024. Mr. Li successively served as the assistant director of general office of China UnionPay Co., Ltd. (中國銀聯股份有限公司), the assistant to the general manager of the Administrative Management Headquarters and a deputy general manager of the Financial Management Headquarters of Shanghai International Group Co., Ltd. (上海國際集團有限公司), the deputy director and director of the Board Office and the securities affairs representative of the Guarantor, and the general manager, vice chairman and chairman of Shanghai Securities Co., Ltd. (上海證券有限責

1 Mr. Nie will formally perform his duties as the secretary of the Board after obtaining the certificate of appointment training for the Board secretary issued by the Shanghai Stock Exchange. Prior to that, Mr. Zhu Jian, the Chairman of the Board, will instead perform the duties as as the secretary of the Board.

任公司). Mr. Li previously served as the vice president and the general manager of the Human Resources Department of the Guarantor from June 2021 to January 2024, and concurrently served as the president of the Investment Banking Business Unit, and the director of the Executive Board of the Guarantor from January 2022 to May 2023. Mr. Li has been concurrently serving as the president of the Wealth Management Committee of the Guarantor since May 2023.

Mr. Nie Xiaogang (聶小剛), aged 52, holds a doctoral degree in Economics of Finance (Professional) from Fudan University. Mr. Nie will formally perform his duties as the secretary of the Board after obtaining the certificate of appointment training for the Board secretary issued by the Shanghai Stock Exchange. Mr. Nie has been appointed as a Vice President, the Chief Financial Officer and the Chief Risk Officer of the Guarantor since 28 June 2021. He joined the Guarantor in August 1999. From October 2013 to June 2021, he served as the general manager of the Strategies Management Department. During such period, he concurrently served as the general manager of the Equity Investment Department, the general manager of the Strategic Investment Department, the vice president of the Strategic Investment and Direct Investment Business Committee of the Guarantor and the general manager and chairman of Guotai Junan Zhengyu. He was also the general manager of Risk Management Department of the Guarantor from June 2021 to November 2021. From August 2010 to October 2013, he was the president of Guotai Junan Innovation Investment. From April 2003 to August 2010, Mr. Nie had successively served as an assistant to director, a deputy director and the director of the secretariat of the Board. From August 1999 to April 2003, Mr. Nie had successively served as an assistant business director of the Third Investment Banking Department, an assistant business director of the Corporate Finance Headquarters, the head and a deputy manager of the Office of President, and a deputy manager of the Marketing Management Headquarters of the Guarantor.

Mr. Liu Xinyi (劉信義), aged 58, holds a Master of Engineering from Tongji University, a Doctor of Business Administration from Shanghai Advanced Institute of Finance (SAIF-ASU) of Shanghai Jiao Tong University, and is a senior economist. Mr. Liu has been appointed as a non-executive director of the Guarantor since 15 June 2020. Mr. Liu is currently also a director and president of Shanghai International Group Co., Ltd. (上海國際集團有限公司). Since joining Shanghai Pudong Development Bank (a listed company on the Shanghai Stock Exchange with stock code of 600000) in 1993, Mr. Liu consecutively served as deputy director of Airport Office, vice president of Airport Branch (executive), and deputy general manager of Shanghai Regional Headquarters, head of financial institutions division of Shanghai Financial Services Office (上海金融服務辦公室) (temporary), assistant director of Shanghai Financial Services Office (temporary), vice president and general manager of Shanghai Regional Headquarters, and president of Shanghai Branch, vice president and chief financial officer, and chief risk officer of Shanghai Pudong Development Bank, and president of First Sino Bank. From February 2014 to April 2015, he served as president and director of Shanghai Guosheng Group Company Limited (上海國盛(集團)有限公司). From April 2015 to November 2019, he served as president and vice chairman of Shanghai Pudong Development Bank, and chairman of SPD Silicon Valley Bank.

Ms. Guan Wei (管蔚), aged 52, formerly Guan Zhaohui, holds a Master of Management and is a senior accountant. Ms. Guan has been appointed as a non-executive director of the Guarantor since 25 July 2019. Ms. Guan successively served as the financial management department of Shanghai Jiushi Company (上海久事公司), the assistant manager of the financial management department of Shanghai Shentong Group Co., Ltd. (上海申通集團有限公司), deputy manager, manager of the financial management department, member of the disciplinary committee, manager of the audit and supervision department, and supervisor of Shanghai Jiushi Company, general manager and party branch secretary of Shanghai Metropolitan Tourism Card Development Co., Ltd. (上海都市旅遊卡發展有限公司), the chief financial officer of Shanghai Real Estate (Group) Co., Ltd. (上海地產(集團)有限公司). Ms. Guan has served as the chief financial officer of Shanghai International Group Co., Ltd. since December 2018, the vice president of Shanghai International Group Co., Ltd. since September 2019 and the chairman of Shanghai State-owned Assets Operation Co., Ltd. since December 2021. Since July 2019, she has served as a director of Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司) (a listed company on the Shanghai Stock Exchange with stock code of 600000).

Mr. Zhong Maojun (鍾茂軍), aged 54, holds a Master of Laws. Mr. Zhong has been appointed as a non-executive director of the Guarantor since 1 June 2015. Mr. Zhong successively served as the general manager's assistant of the investment banking department and the deputy head of the reorganisation office of Orient Securities Co., Ltd. (東方證券有限責任公司). Mr. Zhong then held several positions in Shanghai Municipal Financial Service Office, including the deputy head of the financial institution division, the deputy head of the financial stabilisation division (in charge of execution), the head of the financial stabilisation division, the head of the financial institution service division and the director of municipal financial state-owned assets supervisory service division, the chief operating officer and the general manager of the strategic research department of International Group. Mr. Zhong has served as a director and the chief operating officer of International Group since May 2016, the general manager of the capital operation department of International Group from May 2016 to August 2017 and the chairman of the supervisory committee of Shanghai State-owned Assets Operation Co., Ltd. since April 2020.

Mr. Chen Hua (陳華), aged 49, holds a Doctor of Management and is a senior engineer. Mr. Chen has been appointed as a non-executive director of the Guarantor since 28 June 2021. Mr. Chen began his career in July 1996 and successively worked as the deputy director of the corporate management department, the deputy director of planning and finance department and the deputy director of the strategy development department of Shanghai Airport Authority (上海機場(集團)有限公司); the deputy general manager of the Construction and Development Company of Shanghai Airport Authority; and the general manager of Airline Logistics Development Company, the Freight Hub Promotion Division of Shanghai Airport Authority. He has been an executive deputy general manager of Shanghai State-owned Assets Management Co., Ltd. since November 2018 to July 2023. He has been serving as the vice chairman and president of Shanghai State-owned Assets Management Co., Ltd. since July 2023.

Mr. Sun Minghui (孫明輝), aged 42, holds a Master of Economics and a senior accountant. Mr. SUN has been appointed as a non-executive Director of the Guarantor since 29 December 2023. Mr. Sun successively worked in the preparatory group of Shenzhen Energy Finance Co., Ltd. (深圳能源財務有限公司), the funding department of Shenzhen Energy Finance Co., Ltd. and the financial management department of Shenzhen Energy Group Co., Ltd. (深圳能源集團股份有限公司). Mr. Sun has been working at Shenzhen Investment Holdings Co., Ltd. (深圳市投資控股有限公司) since February 2012, and successively served as the head of financing management of the financial budget department, the senior head of the finance department, the senior head of the office of the board, and the deputy head of the financial department (settlement centre). Mr. Sun has also been the head (director) of the financial department (settlement centre) of Shenzhen Investment Holdings Co., Ltd. since November 2020, a director of Shenzhen Special Economic Zone Real Estate & Properties (Group) Co. Ltd. (深圳經濟特區房地產(集團)股份有限公司) since December 2020, and a director of Shenzhen Textile (Holdings) Co., Ltd. (深圳市紡織(集團)股份有限公司) since February 2021.

Mr. Zhang Manhua (張滿華), aged 49, holds a Master of Management. Mr. Zhang has been appointed as a non-executive Director of the Guarantor since 20 March 2024. Mr. Zhang successively served as the senior manager of the investment centre of Konka Group Co., Ltd. (康佳集團股份有限公司), the secretary of the board of directors of Shenzhen Julong Optoelectronics Co., Ltd. (深圳聚龍光電有限公司), and the head of the investment department of Shenzhen Shenchao Technology Investment Co., Ltd. (深圳市深超科技投資有限公司). Mr. Zhang has worked in Shenzhen Investment Holdings Co., Ltd. since June 2013, and successively served as the senior director of the first enterprise department, the deputy director of the strategic development department, the deputy director of the capital operation department and the deputy director of the legal and risk management department (in charge of daily operations). Mr. Zhang has also been the head of the legal and risk management department of Shenzhen Investment Holdings Co., Ltd. since October 2018, a supervisor of Shenzhen Property Development (Group) Co., Ltd. (深圳市物業發展(集團)股份有限公司, a company listed on the Shenzhen Stock Exchange with stock code of 000011) since September 2014, and a director of Shenzhen Special Economic Zone Real Estate & Properties (Group) Co. Ltd. (a company listed on the Shenzhen Stock Exchange with stock code of 000029) since March 2023.

Mr. Zhang Yipeng (張義澎), aged 59, holds a bachelor degree. Mr. Zhang has been appointed as a non-executive director of the Guarantor since 25 November 2021. Mr. Zhang started his career in August 1983 and successively served as a management specialist of station II, clerk of station VI, staff member of the corporate finance section, staff member and deputy principal staff member of the infrastructure construction division, deputy principal staff member and principal staff member of the economic construction division, principal staff member of the office, deputy director and director of the corporate division of Third Branch of Shanghai Municipal Finance Bureau (上海市財政局第三分局). He has been serving as the chief financial officer and director of Shanghai Municipal Investment (Group) Corporation (上海城投(集團)有限公司) since January 2019.

Mr. An Hongjun (安洪軍), aged 48, holds a Doctor of Economics. Mr. An has been appointed as a non-executive director of the Guarantor since 14 November 2019. Mr. An joined New China Asset Management Co., Ltd. (新華資產管理股份有限公司) in May 2010 and successively served as the deputy general manager of the project investment department (in charge of daily operations) and the general manager of the international business department. He has been an executive director and the president of New China Asset Management (Hong Kong) Limited (新華資產管理(香港)有限公司) since April 2013. He has also been an executive director and president of New China Capital Management Limited (新華資本管理有限公司) since September 2015. He has been a non-executive director of China Jinmao Holdings Group Limited (中國金茂控股集團有限公司), a listed company on The Stock Exchange of Hong Kong Limited with stock code of 0817, since November 2015. Prior to joining New China Asset Management Co., Ltd., Mr. An had held various positions, including project manager, macro researcher and senior analyst, in Northeast Securities Co., Ltd (東北證券股份有限公司), the People's Insurance Company (Group) of China Limited (中國人民保險集團公司) and China Life Franklin Asset Management Company Limited (中國人壽富蘭克林資產管理有限公司). Mr. An has intensive experiences in securities, insurance and investment sectors.

Mr. Ding Wei (丁瑋), aged 64, holds a Bachelor's degree of Finance. Mr. Ding has been appointed as an independent non-executive director of the Guarantor since 28 June 2021. Mr. Ding successively served as the economist and department head of the World Bank and the IMF, head of China Region in Deutsche Bank, chairman of the investment banking management committee and the head of the investment banking department of China International Capital Corporation Limited (中國國際金融股份有限公司, the A shares of which are listed on Shanghai Stock Exchange with stock code of 601995; the H shares of which are listed on the Hong Kong Stock Exchange with stock code of 3908), member of the Temasek global senior management committee, member of the global investment policy committee, head of China Region, vice chairman of Asia Region of the investment banking division at Morgan Stanley, CEO and chairman of CICC Capital Management Co., Ltd. (中金資本運營有限公司). Mr. Ding has been the founder and chairman of Xiamen Borun Capital Investment Management Co., Ltd. (廈門博潤資本投資管理有限公司) since January 2021, an independent director of Hundsun Technologies Inc. (a company listed on the Shanghai Stock Exchange with stock code of 600570) since September 2021, and an independent director of Chongqing Changan Automobile Co., Ltd. (a company listed on the Shenzhen Stock Exchange with stock code of 000625) since June 2022. Mr. Ding served as an independent director of Hundsun Technologies Inc. (a company listed on the Shanghai Stock Exchange with stock code of 600570) from October 2014 to February 2020 and an independent director of CAR Inc (a company previously listed on the Hong Kong Stock Exchange with former stock code of 0699 and withdrawn from listing on 8 July 2021) from August 2014 to July 2021.

Mr. LI Renjie (李仁傑), aged 69, holds a Bachelor of Economics. Mr. Li has been appointed as an independent non-executive director of the Guarantor since 28 June 2021. Mr. Li successively served as the director of Planning Division of the People's Bank of China Fujian Branch, executive director of Hong Kong Jiangnan Finance Company (香港江南財務公司), chairman of Great Wall Securities Co., Ltd. (長城證券有限責任公司), president of Industrial Bank Shenzhen Branch, vice president of Industrial Bank, director and president of Industrial Bank, chairman of Lufax Holding Ltd. (陸金所控股有限公司, a company listed on the New York Stock Exchange with stock code of LU). Mr. Li has been an independent director of Bank of Ningbo Co., Ltd. (a company listed on the Shenzhen Stock Exchange with stock code of 002142) since June 2023.

Mr. Bai Wei (白維), aged 59, holds a Master of Laws. Mr. Bai has been appointed as an independent non-executive director of the Guarantor since 28 June 2021. Mr. Bai successively served as a lawyer at China Global Law Office (中國環球律師事務所), an associate at Sullivan & Cromwell LLP, and a member of the 19th CSRC Public Offering Review Committee, a member of the Listing Committee for the Shanghai Stock Exchange. From July 2013 to August 2019, Mr. Bai served as an independent non-executive director of China Pacific Insurance (Group) Co., Ltd. (中國太平洋保險(集團)股份有限公司, the A shares of which are listed on the Shanghai Stock Exchange with stock code 601601 and the H shares of which are listed on the Hong Kong Stock Exchange with stock code 2601), as an independent non-executive director of Huatai Securities Co., Ltd. (華泰證券股份有限公司), and as an independent director of Ningxia Orient Tantalum Industry Co., Ltd. (寧夏東方鉭業股份有限公司). Mr. Bai has been served as a founding partner and lawyer at Jingtian & Gongcheng since April 1992.

Mr. Wang Guogang (王國剛), age 68, holds a Doctor of Economics, is member of the Chinese Academy of Social Sciences and recipient of special government allowance. Mr. Wang has served as an independent non-executive director of the Guarantor since 29 May 2023. Mr. Wang is currently a professor of the School of Finance of Renmin University of China. He was the director of the Institute of Finance & Banking of the Chinese Academy of Social Sciences, and the vice president of China Huaxia Securities Co., Ltd. (中國華夏證券有限公司). Mr. Wang concurrently served as an expert in the planning and evaluation group of the National Social Science Fund of China, an executive director of the China Society for Finance & Banking, an executive director of the China Urban Financial Society, and an executive director of the China Rural Financial Society.

Mr. Yim, Chi Hung Henry (嚴志雄), age 62, holds a Bachelor of Social Sciences from The University of Hong Kong. Mr. Yim has served as an independent non-executive director of the Guarantor since 29 May 2023. Mr. Yim has over 30 years of experience in financial auditing and served as a partner of Ernst & Young, Hong Kong and Ernst & Young Huaming (Special General Partnership) for many years until his retirement in December 2021. Mr. Yim is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

Mr. Pu Yonghao (浦永灝), age 66, holds a Master of Economics and a Master of Science (Demography). Mr. Pu has served as an independent non-executive director of the Guarantor since 30 November 2023. Mr. Pu is the vice chairman of the Chinese Financial Association of Hong Kong and had over 20 years of experience in senior positions in investment banking. Mr. Pu successively served as a senior economist and vice president of BOC International (UK) Limited (中銀國際(英國)有限公司), a senior economist of Nomura International (Hong Kong) Limited, a senior advisor of Asian Development Bank, a managing director and the chief investment officer, chief investment strategist, and head of Wealth Management Research Department for Asia Pacific at Swiss Bank (瑞士銀行), and the founder and chief investment officer of Fountainhead Partners Company Limited. Mr. PU has been serving as a senior advisor of Fountainhead Partners Company Limited since February 2018, a managing director of Perry Wealth Consulting (伯瑞財富諮詢) since May 2018, an independent non-executive director of Huafa Property Services Group Company Limited (a listed company on the Hong Kong Stock Exchange with stock code of 0982) since June 2020, and an independent non-executive director of Interra Acquisition Corporation (a listed company on the Hong Kong Stock Exchange with stock code of 7801) since September 2022.

BOARD OF SUPERVISORS

The Guarantor's Supervisory Committee currently consists of six Supervisors, amongst whom three are employee representative Supervisors. The employee representative Supervisors are elected at employee representative assemblies. Supervisors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office.

The following table sets out the members of the Board of Supervisors of the Issuer, their respective positions on the Board of Supervisors and their ages as at the date of this Offering Circular.

Name	Age	Title
Mr. Wu Hongwei (吳紅偉)	57	Vice chairman of the Supervisory Committee and Employee Representative Supervisor
Mr. Zhou Zhaohui (周朝暉)	53	Supervisor
Mr. Shen Yun (沈贇)	45	Supervisor
Mr. Zuo Zhipeng (左志鵬)	54	Supervisor
Mr. Shao Liangming (邵良明)	52	Employee Representative Supervisor
Mr. Xie Min (謝閩)	54	Employee Representative Supervisor

Mr. Wu Hongwei (吳紅偉), aged 57, formerly Wu Hongwei (吳紅衛), holds a Master of Business Administration and is a researcher. Mr. Wu has been appointed as the vice chairman of the Supervisory Committee and employee supervisor of the Guarantor since 28 June 2021. Mr. Wu successively served as a designer, project leader, assistant of the Research Plan Office, deputy director, deputy director of the Science and Technology Office, secretary of the Science and Technology Committee, the director of the Personnel Security Department, the director of the Administration Department, the director of the Personnel Security Department, the deputy secretary of CPC party committee and secretary of discipline inspection committee, and the chairman of the Labor Union at Unit 801 of Shanghai Aerospace Administration (上海航天局八〇一研究所). Mr. Wu served as the secretary of CPC party committee at Shanghai Xinguang Telecom Factory (上海新光電訊廠). Mr. Wu consecutively served as the deputy director of the Human Resources Department (in charge of daily operations), the director of the Human Resources Department and the general secretary of the CPC party committee at the Social Work Committee of CPC Shanghai Municipal Committee (上海市社會工作黨委). Mr. Wu consecutively served as the secretary of the discipline inspection committee, as a member of CPC party committee and as the leader of dispatched discipline inspection office of the discipline inspection committee of CPC Shanghai Municipal Committee to the CPC party committee of the municipal state-owned assets supervision and administration commission (市紀委駐市國資委黨委紀檢組組長) at the Shanghai SASAC (上海市國資委); Mr. Wu served as the deputy secretary of CPC party committee, secretary of discipline inspection committee, vice chairman of the supervisory committee, a member of CPC party committee of the Shanghai SASAC and the leader of Dispatched Discipline Inspection Office of the Discipline Inspection Committee of CPC Shanghai Municipal Committee to the municipal state-owned assets supervision and administration commission (市紀委監委駐海通證券股份有限公司紀檢監察組組長) of Haitong Securities Co., Ltd. (the A shares of which are listed on the Shanghai Stock Exchange with stock code 600837 and the H shares listed on the Hong Kong Stock Exchange with stock code 6837) from September 2017 to May 2021. Mr. Wu has been serving as the deputy secretary of CPC party committee of the Guarantor since May 2021.

Mr. Zhou Zhaohui (周朝暉), aged 53, holds a postgraduate and is an engineer. Mr. Zhou has been appointed as a supervisor of the Guarantor since 28 June 2021. Mr. Zhou successively served as the office business director, the deputy director, the director and the deputy minister of the securities department, and the securities affairs representative of Shenzhen Energy Investment Co., Ltd. (深圳能源投資股份有限公司), the secretary of the board of directors of Shenzhen Energy Logistics Co., Ltd. (深圳能源物流有限公司), the office director and the secretary of the chairman of the board of directors of Shenzhen Energy Group Co., Ltd. (深圳市能源集團有限公司), the secretary of the chairman of the board of directors, the senior manager of investor relations of the office of the board of directors, the acting director, the director, general manager and the securities affairs representative of Shenzhen Energy Group Co., Ltd. (深圳能源集團股份有限公司), and a director of Shenzhen Energy Environmental Co., Ltd. (深圳市能源環保有限公司). From June 2015 to October 2020, Mr. Zhou concurrently served as a supervisor of China Great Wall Securities Co., Ltd. (長城證券股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code of 002939). From June 2021 to July 2022, Mr. Zhou concurrently served as an executive director and general manager of Shenzhen East Electricity Co., Ltd. (深圳市東部電力有限公司). From November 2021 to July 2022, Mr. ZHOU concurrently served as an executive director and general manager of Shenzhen Pengwan Power Operation Co., Ltd. (深圳市鵬灣電力運營有限公司). Mr. Zhou has been the secretary of board of directors, and the general manager of the office of the board of directors of Shenzhen Energy Group Co., Ltd. (深圳能源集團股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code of 000027) since June 2020, a supervisor of Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司) since May 2012, the vice chairman and director of China Great Wall Securities Co., Ltd. since October 2020, and a director of Shenzhen Energy Environmental Co., Ltd. (深圳能源環保股份有限公司) since November 2021.

Mr. Shen Yun (沈贇), aged 45, holds a bachelor's degree. Mr. Shen has been appointed as a supervisor of the Guarantor since 28 June 2021. Mr. Shen successively served as the staff of the Planning and Finance Department of Shanghai Jin Jiang International Hotel Company Limited (上海錦江國際酒店股份有限公司); an assistant in the office of the board of directors of Shanghai Jin Jiang Capital Company Limited (上海錦江資本股份有限公司) (a company listed on the Hong Kong Stock Exchange with stock code of 2006); the deputy manager of the Planning and Development Department and the secretary to the board of directors of Shanghai Jin Jiang International Travel Service Company Limited (上海錦江國際旅遊股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code of 900929). Mr. Shen has been serving as the secretary to the board of directors of Shanghai Jin Jiang Online Network Service Company Limited (上海錦江在線網絡服務股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code of 600650, 900914) since June 2015.

Mr. Zuo Zhipeng (左志鵬), aged 54, formerly Zuo Fanxiu (左反修), holds a Master of business administration and is a senior accountant and a non-practising member of the Chinese Institute of Certified Public Accountants. Mr. Zuo has been appointed as a supervisor of the Guarantor since 27 June 2016. Mr. Zuo successively served as an officer of the finance division of Anqing Textile Factory (安慶紡織廠), and an assistant of the finance division head of Anhui Huamao Textile Co., Ltd. (安徽華茂紡織有限公司). Mr. Zuo then successively held various positions in Anhui Huamao Textile Company Limited (安徽華茂紡織股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code of 000850), including director, the director of finance division, the deputy general manager, the secretary to the board of directors and the chief financial officer, and concurrently served as directors in many of its subsidiaries. Mr. Zuo has been serving as a director of Anhui Huamao Group Co., Ltd. (安徽華茂集團有限公司) since March 2007; and as a director and the general manager of Anhui Huamao Textile Company Limited (安徽華茂紡織股份有限公司) since April 2016.

Mr. Shao Liangming (邵良明), aged 52, holds a Master of Law. Mr. Shao has been appointed as an employee supervisor of the Guarantor since 28 June 2021. Mr. Shao successively served as teacher and vice-president at Chi'an Middle School of Hanjiang District, Yangzhou (揚州市邗江區赤岸中學), and the deputy chief section member of the Organisation Section of the Organisation Department of Chongming Party Committee (崇明縣委組織部) of Shanghai. Mr. Shao worked as deputy chief section member, chief section member at the human resources office of CPC Municipal financial working committee of Shanghai. Mr. Shao served as a vice president, the general manager of the human resources department, office director of CPC working committee and as the general manager of the wealth management business department of Aijian Securities Co., Ltd. (愛建證券有限責任公司). Mr. Shao served as the deputy general manager of the human resources department of the Guarantor from November 2020 to October 2021. Mr. Shao served as the deputy director of the Party Committee Office (in charge of daily operations) and the deputy director of the Party Committee Propaganda Department (in charge of daily operations) of the Guarantor from October 2021 to May 2022. Mr. Shao has been serving as the director of the Party Committee Office and the director of the Party Committee Propaganda Department of the Company since May 2022.

Mr. Xie Min (謝閩), aged 54, holds a Doctor of Economics. Mr. Xie has been appointed as an employee supervisor of the Guarantor since 28 June 2021. Mr. Xie successively served as a teacher of the primary section at Jiangxi Vocational & Technical College of Electricity (江西電力職業技術學院) and a researcher at the Jiangxi Economic Development Research Institute (江西經濟發展研究院) of Jiangxi University of Finance and Economics (江西財經大學). Mr. Xie served as the senior manager of the strategic development department of Shanghai International Group (上海國際集團有限公司); Mr. Xie successively served at the post-doctoral workstation project research post and performance management post of human resources department of the Guarantor. Mr. Xie has been serving at the office of the Labor Union of the Guarantor since December 2016.

SENIOR MANAGEMENT

The Guarantor's senior management is responsible for the management of day-to-day operations of the Guarantor. The following table sets out the current senior management of the Guarantor, their respective positions and their ages as at the date of this Offering Circular.

Name	Age	Title
Mr. Xie Lebin (謝樂斌)	56	Vice President
Mr. Luo Dongyuan (羅東原)	55	Vice President
Mr. Nie Xiaogang (聶小剛)	52	Secretary of the Board, Vice President, Chief Financial Officer and Chief Risk Officer
Ms. Zhang Zhihong (張志紅)	54	Chief Compliance Officer, Chief Legal Counsel and Chief Auditor
Mr. Chen Zhongyi (陳忠義)	53	Vice President
Mr. Han Zhida (韓志達)[1]	41	Vice President

Mr. Xie Lebin (謝樂斌), aged 56, holds a Doctor of Economics. Mr. Xie has been a Vice President of the Guarantor since 28 June 2021. He served successively as an executive director of the Investment Banking Department of J&A Securities Co., Ltd., a deputy general manager of the Shanghai Investigation and Auditing Department, a deputy general manager of the Investigation and Auditing Headquarters, a deputy general manager (in charge of daily operations) of the Investigation and Auditing Headquarters, and the general manager of the Investigation and Auditing Headquarters of the Guarantor. He also served as the general manager, the deputy chief financial officer, the chief financial officer and the chief operation officer, and the chief risk officer of the Planning and Finance Department, the President of the Investment Banking Business Unit, and the director of the Executive Board of the Guarantor. Prior to that, Mr. Xie Lebin worked at Wanguo Securities Co., Ltd. (萬國證券有限公司).

Mr. Luo Dongyuan (羅東原), aged 55, holds a master's degree in Business Administration and is an auditor. Mr. Luo has been a Vice President of the Guarantor since 28 June 2021. He served successively as the senior manager of the Bond Department of J&A Securities Co., Ltd., the director of the Second

1 Mr. Han will formally perform his duties as a Vice President of the Guarantor after passing the evaluation test on senior management personnel of securities companies.

Bond Business Department, the business director, the managing director, the deputy general manager, the deputy general manager (in charge of daily operations) and the general manager of the Fixed Income Securities Headquarters. He also served as the general manager of the Debt Financing Department, the general manager of the Fixed Income Securities Department, the president of the Trading and Investment Committee, and the general manager of the Fixed Income Foreign Exchange Commodity Department of the Guarantor. Prior to that, Mr. Luo Dongyuan worked in the Audit Office of Jiaozuo Jiefang District. Mr. Luo has served as the President of the Institutional and Transaction Business Committee of the Guarantor since July 2021.

Mr. Nie Xiaogang (聶小剛) has been the Vice President since 28 June 2021. For details of Mr. Nie's biography, see "*Board of Directors*" above.

Ms. Zhang Zhihong (張志紅), aged 54, holds a Doctor of Economics and is a senior economist. Ms. Zhang has been the chief compliance officer of the Guarantor since 19 November 2018, the chief legal counsel of the Guarantor since 26 August 2022, and the chief auditor of the Guarantor since 29 March 2023. She served successively as the deputy director of the Party Committee (discipline inspection) Office and the deputy director of the Agency Department of the Shanghai Securities Management Office. She also served as the director of the Agency Supervision Department, the director of the Agency Supervision Department I, the director of the Listed Companies' Supervision Department I of the Shanghai Bureau of the CSRC, and the chief compliance officer and a deputy general manager of Great Wall Securities Co., Ltd. She served as the president assistant, a vice president and the business director of the Investment Banking Business Committee of the Guarantor. Ms. Zhang has served as the chairman of the Trade Union of the Guarantor since May 2020.

Mr. Chen Zhongyi (陳忠義), aged 53, holds a Master of Business Administration for Senior Management and is a Vice President, the co-president of the Institutional and Trading Business Committee, an operating director, the general manager of the Asset Custody Department and the general manager of the Data Platform Operation Department of the Guarantor. Mr. Chen has successively served as a team leader of the capital planning department and an assistant to the general manager of the clearing department of Junan Securities, an assistant to the general manager of capital management of the planning and finance department, an assistant to the general manager of the planning and finance department, an assistant to the general manager of the finance head office, an assistant to the general manager and a deputy general manager of the clearing head office, a deputy general manager of the capital clearing head office, a deputy general manager of the operation centre of the Shenzhen branch of the Guarantor, and the general manager of the operation management department of Everbright Securities Co., Ltd. (光大證券股份有限公司).

Mr. Han Zhida (韓志達), aged 41, holds a Master of Management. Mr. Han will formally perform his duties as a Vice President after passing the evaluation test on senior management personnel of securities companies. Mr. Han is the general manager of the strategic development department, the director of the digital transformation office, the president of the Policy Research Institute of the Guarantor and the chairman of the board of directors and the chairman of the executive committee of Guotai Junan Innovation Investment. Mr. Han joined the Guarantor in July 2005 and previously served as a senior manager, an assistant director and a director of the Fixed Income Securities Department, an executive director of the Acquisition and Merger Department, an executive director and a managing director of the Acquisition and Financing Department, the executive head of the Beijing First Division of the Investment Banking Department of the Guarantor. He also served as a vice chairman of the board of directors and the general manager of Guotai Junan Zhengyu.

EXCHANGE RATE INFORMATION

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 market during the prior day. PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets.

On 21 July 2005, the PRC Government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by 2 per cent. against the U.S. dollar. The PRC Government has since made and in the future may make further adjustments to the exchange rate system. On 18 May 2007, PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of 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 PBOC. The floating band was further widened to 1.0 per cent. on 16 April 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 26.9 per cent. from 21 July 2005 to 31 December 2013. On 14 March 2014, PBOC further widened the floating band against the U.S. dollar to 2.0 per cent.

On 11 August 2015, PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorising market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates.

The following table sets forth information concerning exchange rates between the Renminbi and the U.S. dollar for the periods presented:

	Renminbi per U.S. dollar Noon Buying Rate(1)			
Period	**Period End**	**Average(2)**	**High**	**Low**
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7350	6.9575	6.4773
2018	6.8755	6.6292	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.8878	7.1681	6.5208
2021	6.3726	6.4382	6.5716	6.3435
2022	6.8972	6.7290	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	7.2410	7.2327	7.2494	7.2071

Notes:

(1) Exchange rates between Renminbi and the U.S. dollar represent the noon buying rates as set forth in the H.10 statistical release of the Federal Reserve Board.

(2) Annual and semi-annual averages have been calculated from month-end rate. Monthly averages have been calculated using the average of the daily rates during the relevant period.

PRC REGULATIONS

This section summarises the principal PRC laws and regulations which are relevant to the Group's business and operations and the provision of the Guarantee. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations which are relevant to the Group's business and operations or to the Guarantor.

NDRC Filing

The NDRC issued Order 56 which became effective on 10 February 2023. In order to encourage the use of low-cost capital in the international capital markets in promoting investment and steady growth and to facilitate cross-border financing, Order 56 abolishes the case-by-case quota review and approval system for the issuance of foreign debts by PRC enterprises and sets forth the following measures to promote the administrative reform of the issuance of foreign debts by PRC enterprises or their controlled offshore enterprises or branches:

- steadily promoting the administrative reform of the filing and registration system for the issuance of foreign debts by enterprises;
- increasing the size of foreign debts issued by enterprises, and supporting the transformation and upgrading of key sectors and industries;
- simplifying the filing and registration of the issuance of foreign debts by enterprises; and
- strengthening the supervision during and after the process to prevent risks.

For the purposes of Order 56, "**foreign debts**" means RMB-denominated or foreign currency-denominated debt instruments with a maturity of more than one year which are issued offshore by PRC enterprises and their controlled offshore enterprises or branches and for which the principal and interest are repaid as agreed, including offshore bonds and long- and medium-term international commercial loans. According to this definition, offshore bonds issued by both PRC enterprises and their controlled offshore enterprises or branches shall be regulated by Order 56.

Pursuant to Order 56, an enterprise shall: (i) apply to the NDRC for the filing and registration procedures prior to the issuance of the bonds; and (ii) shall report the information on the issuance of the bonds to NDRC within 10 working days after the completion of each issuance. The materials to be submitted by an enterprise shall include an application report and an issuance plan setting out details such as the currency, volume, interest rate, term, use of proceeds and repatriation details.

To issue foreign debts, an enterprise shall meet these basic conditions:

(i) having a good credit history with no default in its issued bonds or other debts;

(ii) having sound corporate governance, risk prevention and control mechanisms for foreign debts; and

(iii) having a good credit standing and relatively strong capability to repay its debts.

Pursuant to Order 56, the NDRC shall control the overall size of foreign debts that can be raised by PRC enterprises and their controlled overseas branches or enterprises.

According to Order 56, an enterprise shall (i) file with the NDRC the requisite information and documents relating to the issuance of the offshore bonds within ten PRC business days after completing the bond issuance, (ii) within ten PRC business days upon the expiration of the relevant NDRC pre-issuance registration certificate, report to the NDRC the foreign debts information in relation to the offshore bonds, (iii) so long as any offshore bond remains outstanding, file 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 (iv) file with the NDRC the requisite information and documents on a timely basis upon the occurrence of any material event that may affect the enterprise's due performance of its debt obligations and take risk control measures to mitigate cross-default risks. Order 56 sets forth certain legal liabilities and disciplinary measures which would be imposed on enterprises and intermediaries if they fail to comply with the relevant requirements. According to Order 56, for any enterprise that fails to report relevant information according to Order 56, the review and registration authorities shall, depending on the seriousness of the circumstances, impose disciplinary measures such as interviews and public warnings on such enterprise concerned and its principal responsible persons. Furthermore, conducts in violation of Order 56 committed by enterprises will be published 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).

CSRC Filing

On 25 September 2018, CSRC issued the Administrative Measures on Establishment, Acquisition and Equity Participation in Business Organisations Overseas by Securities Companies and Securities Investment Fund Management Companies (證券公司和證券投資基金管理公司境外設立、收購、參股經營機構管理辦法), "**CSRC Order No. 150**"), which became effective on the same day. The CSRC Order No. 150 was revised by the CSRC on 15 January 2021. CSRC Order No. 150 provides that, where a security company provides guarantee to an oversea subsidiary pursuant to the law, the security company shall perform internal decision-making procedures and file records with the CSRC within five working days from the date of passing of resolution.

Foreign Exchange Administration

The lawful currency of the PRC is the Renminbi, which is subject to foreign exchange controls and is not freely convertible into foreign exchange at this time. SAFE, under the authority of PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The principal law governing foreign exchange in the PRC is the PRC Administrative Regulations on Foreign Exchange (中華人民共和國外匯管理條例, the "**Foreign Exchange Regulations**"). The Foreign Exchange Regulations was enacted by the State Council on 29 January 1996 and implemented on 1 April 1996. On 14 January 1997 and 5 August 2008, the State Council amended the Foreign Exchange Regulations. According to the Foreign Exchange Regulations, the RMB is freely convertible for "current account transactions", which refers to any transaction account for international receipts and payments involving goods, services, earnings and frequent transfers. For "capital account transactions" which refers to any transaction account for international receipts and payments that result in any change in external assets and liabilities, including, *inter alia*, capital transfers, direct investments, security investments, derivatives and loans, prior approval of and registration with SAFE or its local branches is generally required.

Pursuant to the Administrative Regulation of Foreign Exchange Settlement, Sale and Payment (結匯、售匯及付匯管理規定), which was promulgated by PBOC on 20 June 1996 and came into effect on 1 July 1996, foreign-invested enterprises may only buy, sell and/or remit foreign currencies at banks that are authorised to conduct foreign exchange business after providing valid commercial documents and, in the case of capital account transactions, obtaining approval or consummating filling and registration from SAFE or its local branches or the banks authorised by SAFE.

On 9 June 2016, SAFE promulgated the Notice on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange Settlement (關於改革和規範資本項目結匯管理政策的通知, "**SAFE Circular 16**") which took effect on the same day. According to the SAFE Circular 16, enterprises registered in PRC could settle the external debts in foreign currencies to Renminbi at their own discretion. SAFE Circular 16 sets a uniform standard for discretionary settlement of foreign currencies under capital accounts (including but not limited to foreign currency capital, external debts and repatriated funds raised through overseas listing), which is applicable to all enterprises registered in PRC. It reiterated that the Renminbi funds obtained from the settlement of foreign currencies shall not be used directly or indirectly for purposes beyond the Guarantor's scope of business, and shall not be used for securities investment or investments and wealth management products other than principal-protected products issued by banks, unless otherwise expressly prescribed. Furthermore, such Renminbi funds shall not be used for disbursing loans to non-affiliated enterprises, unless the scope of business expressly provides so; and shall not be used to construct or purchase real estate not for self-use (except for real estate enterprises).

On 12 May 2014, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Issuing the Provisions on the Foreign Exchange Administration of Cross-border Security (Hui Fa [2014] No. 29) 國家外匯管理局關於發佈〈跨境擔保外匯管理規定〉的通知(匯發[2014]29號), "**Notice 29**"). Notice 29, which came into force on 1 June 2014, replaces 12 other regulations regarding cross-border security and introduces a number of significant changes, including: (i) abolishing prior SAFE approval and quota requirements for cross-border security; (ii) requiring SAFE registration for two specific types of cross-border security only; (iii) removing eligibility requirements for providers of cross-border security; (iv) removing SAFE approval, registration, filing or any other SAFE administrative requirements for the validity of any cross-border security agreement; and (v) removing SAFE verification requirement for performance of cross-border security. A cross-border guarantee is a form of security under Notice 29. Notice 29 classifies cross-border security into three types:

- Nei Bao Wai Dai ("**NBWD**"): security/guarantee provided by an onshore security provider for a debt owing by an offshore debtor to an offshore creditor.

- Wai Bao Nei Dai ("**WBND**"): security/guarantee provided by an offshore security provider for a debt owing by an onshore debtor to an onshore creditor.

- Other Types of Cross-border Security: any cross-border security/guarantee other than NBWD and WBND.

In respect of NBWD, in the case where the onshore security provider is a non-financial institution, it shall conduct a registration of the relevant security/guarantee with SAFE within 15 working days of the execution of the cross-border security agreement (or 15 working days of the date of any change to the security agreement).

In accordance with Notice 29, the funds borrowed offshore under an NBWD shall not be directly or indirectly repatriated to or used onshore by means of loans, equity investments or securities investments without SAFE approval. On 26 January 2017, SAFE issued the Circular of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Management and Improving Authenticity and Compliance Review (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知) ("**SAFE Circular 3**"), which took effect on the same day. Pursuant to SAFE Circular 3, funds raised offshore under NBWD are allowed to be directly or indirectly repatriated to the PRC by means of loans or equity investments. However, pursuant to the Q&A in relation to SAFE Circular 3 issued by SAFE ("**SAFE Q&A**"), NBWD in special transactions, including the offshore bonds, shall still satisfy the requirements set out in Notice 29 that: (a) the domestic entity shall directly or indirectly hold shares in the overseas debtor; (b) the revenues from the overseas issuance of bonds shall be used for overseas investment projects in which the domestic entity has equity interests; and (c) the relevant overseas entities or projects have been approved, registered, recorded or confirmed by the domestic and overseas investment authorities, **provided that** the liability with regard to the guarantee provided to the offshore debtor is the repayment under the project of offshore bond issuance.

PRC CURRENCY CONTROLS

REMITTANCE OF RENMINBI INTO AND OUTSIDE THE PRC

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to control imposed under PRC law.

CURRENT ACCOUNT ITEMS

Under PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers. Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. Following progressive reforms, Renminbi settlement of imports and exports of goods and of services and other current account items became permissible nationwide in 2012, except that the key enterprises on a Supervision List determined by PBOC and five other relevant authorities would be subject to enhanced scrutiny when banks process current account cross-border repatriations.

On 5 July 2013, PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (關於簡化跨境人民幣業務流程和完善有關政策的通知) (the "**2013 PBOC Circular**") with the intent to improve the efficiency of cross border Renminbi settlement and facilitate the use of Renminbi for the settlement of cross-border transactions under current accounts or capital accounts. In particular, the 2013 PBOC Circular simplifies the procedures for cross border Renminbi trade settlement under current account items. On 1 November 2014, PBOC introduced a cash pooling arrangement for qualified multinational enterprise group companies, under which a multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for eligible member companies in the group. On 5 September 2015, PBOC promulgated the Circular on Further Facilitating the Cross-Border Bi-directional Renminbi Cash Pooling Business by Multinational Enterprise Groups (關於進一步便利跨國企業集團開展跨境雙向人民幣資金池業務的通知) (the "**2015 PBOC Circular**"), which, among other matters, lowered the eligibility requirements for multinational enterprise groups and increased the cap for net cash inflow.

On 5 January 2018, PBOC promulgated the Notice on Further Fine-tuning the Policies on Cross-Border Renminbi Business to Promote Trade and Investment Facilitation (中國人民銀行關於進一步完善人民幣跨境業務政策促進貿易投資便利化的通知). Accordingly, an enterprise shall be allowed to use Renminbi to settle all cross-border transactions that may be settled by foreign currencies pursuant to PRC laws.

On March 15, 2019, SAFE promulgated the Administrative Provisions on Centralised Operation of Cross-border Funds by Multinational Corporations (跨國公司跨境資金集中運營管理規定) (the "**2019 SAFE Provisions**"). Accordingly, a centralised operation arrangement of cross-border funds for qualified multinational enterprise group companies is introduced by SAFE, under which the receipt/payment and netting settlement in various currencies (including Renminbi) for current account items of eligible member companies could be processed on a collective basis. However, since the 2019 SAFE Provisions are relatively new, they will be subject to the interpretation and application by relevant PRC authorities in practice.

On 23 October 2019, SAFE promulgated the Circular of Further Promoting Cross-border Trade and Investment Facilitation (關於進一步促進跨境貿易投資便利化的通知), which further provided details in facilitating foreign exchange procedures in compliance with PRC laws.

On 31 December 2020, the Notice on Further Optimizing the Cross-border RMB Policy to Support the Stabilisation of Foreign Trade and Foreign Investment (關於進一步優化跨境人民幣政策支持穩外貿穩外資的通知) was promulgated to enhance the role of cross-border RMB business in serving the real economy and facilitating trade and investment.

On 21 July 2022, Notice on Supports for Cross-border Renminbi Settlement Services for New Business Forms of Foreign Trade (關於支持外貿新業態跨境人民幣結算的通知) was promulgated to enhance the role of cross-border Renminbi settlement services in serving the real economy and promoting trade and investment facilitation, and supporting the development of new business forms of foreign trade.

The foregoing circulars are subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying the foregoing circulars and impose conditions for settlement of current account items.

CAPITAL ACCOUNT ITEMS

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of, and/or registration of filing with, the relevant PRC authorities.

Settlements for capital account items were generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties are also generally required to make capital item payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency.

Under progressive reforms by PBOC, the MOFCOM and SAFE, foreign investors are now permitted to use Renminbi to settle all capital account items that can be settled in foreign currencies. Cross-border Renminbi payment infrastructure and trading facilities are being improved. Approval, registration and filing requirements for capital account payments in Renminbi are being removed gradually. In addition, the Circular on Reforming Foreign Exchange Capital Settlement for Foreign Invested Enterprises (關於改革外商投資企業外匯資本金結匯管理方式的通知) which became effective on 1 June 2015, allows foreign-invested enterprises to settle 100 per cent. (subject to future adjustment at discretion of SAFE) of the foreign currency capital (which has been processed through SAFE's equity interest confirmation procedure for capital contribution in cash or registered by a bank on SAFE's system for account-crediting for such capital contribution) into Renminbi according to their actual operational needs. A negative list with respect to the usage of the capital and the Renminbi proceeds through the aforementioned settlement procedure is set forth under the aforementioned Circular. In particular, a foreign invested enterprise with investment as its main business is permitted to use such Renminbi proceeds to make equity contribution to its invested enterprises directly, without further filings with SAFE. On October 23, 2019, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知), which, among others, further allows the foreign invested enterprises whose main businesses are not investment to use their foreign currency capital and/or the Renminbi proceeds of their foreign currency capital to make equity investment in the PRC.

PRC entities are also permitted to borrow Renminbi-denominated loans from foreign lenders (which are referred to as "**foreign debt**") and lend Renminbi-denominated loans to foreign borrowers (which are referred to as "**outbound loans**"), as long as such PRC entities have the necessary quota, approval or registration. PRC entities may also denominate security or guarantee arrangements in Renminbi and make payments thereunder to parties in the PRC as well as other jurisdictions (which is referred to as "**cross-border security**"). Under current rules promulgated by SAFE, foreign debts borrowed, outbound loans extended, and the cross-border security provided by a PRC onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt, outbound loan and cross-border security regimes applicable to foreign currencies.

According to the 2015 PBOC Circular, qualified multinational enterprise groups can extend Renminbi-denominated loans to, or borrow Renminbi-denominated loans from, eligible offshore member entities within the same group by leveraging the cash pooling arrangements. The Renminbi funds will be placed in a special deposit account and may not be used to invest in securities, financial derivatives, or non-self-use real estate assets, or purchase wealth management products or extend entrusted loans to enterprises outside the group.

On 10 June 2018, the State Council issued the Notice of the State Council on Certain Measures for Actively and Effectively Utilizing Foreign Investment to Promote Quality Economic Development (國務院關於積極有效利用外資推動經濟高質量發展若干措施的通知), to simplify the management of cash pools, relax the filing conditions for pilot for centralised operation and management of foreign exchange funds of multinational corporations and support multinational enterprise groups in conducting cross-border bi-directional Renminbi cash pooling business.

Notwithstanding the above, there is no assurance that the PRC Government will continue to gradually liberalise the control over Renminbi payments of capital account item transactions in the future.

The relevant regulations will be subject to interpretation and application by the relevant PRC authorities. If any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

TAXATION

The following summary of tax consequences of the purchase, ownership and disposition of Notes in certain jurisdictions is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Noteholder or any persons acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. Persons considering the purchase of the Notes should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of Notes. Prospective investors should consult their professional advisers on the possible tax consequences of buying, holding or selling any Notes under the laws of their country of citizenship, residence or domicile.

BRITISH VIRGIN ISLANDS

The Issuer is exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

Payments of principal, premium or interest in respect of the Notes to persons who are not resident in the British Virgin Islands are not subject to British Virgin Islands tax or withholding tax.

Capital gains realised with respect to the Notes by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

No 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 the Notes.

All instruments relating to transactions in respect of the Notes are exempt from payment of stamp duty in the British Virgin Islands. This assumes that the Issuer does not hold an interest in real estate in the British Virgin Islands.

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 advisers to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

Stamp duty will not be payable on the issue of Bearer Notes, **provided that** either:

(i) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong (the "**SDO**")).

If stamp duty is payable, it is payable by the Issuer on the issue of Bearer Notes at a rate of 3 per cent. of the market value of the Bearer Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of Registered Notes **provided that** either:

(i) such Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Registered Notes constitute loan capital (as defined in the SDO).

With effect from 17 November 2023, if stamp duty applies to the transfer of Registered Notes required to be registered in Hong Kong and which are not otherwise exempt it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. In addition, stamp duty is payable at the fixed rate of HK$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

PRC

The following summary describes the principal PRC tax consequences of ownership of the Notes by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC Noteholders in this "PRC Taxation" section. In considering whether to invest in the Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose "*de facto* management body" are within the territory of China are treated as PRC tax resident enterprises for the purpose of the EIT Law and must pay PRC enterprise income tax at the rate of 25 per cent. in respect of their taxable income. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "*de facto* management body" of the Issuer is within the territory of PRC, the Issuer may be held to be a PRC tax resident enterprise for the purpose of the EIT Law and be subject to PRC enterprise income tax at the rate of 25 per cent. on its taxable income. At the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law. However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future.

Pursuant to the EIT Law and its implementation regulations, any non-resident enterprise without an establishment within the PRC or whose income has no connection to its establishment inside the PRC must pay enterprise income tax on income sourced within the PRC, and such income tax must be withheld at source by the PRC payer acting as a withholding agent. Accordingly, in the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, the Issuer would be required to withhold income tax from the payments of interest or premium (if any) in respect of the Notes to any non-PRC Noteholder, and gain from the disposition of the Notes may be subject to PRC tax, if the income or gain is treated as PRC-source. The tax rate is generally 10 per cent. for non-resident enterprise Noteholders and 20 per cent. in the case of non-resident individuals. The Issuer has agreed to pay additional amounts to Noteholders, subject to certain exceptions, so that they would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions of the Notes.

In addition, as the Guarantor is a PRC resident enterprise, in the event that the Guarantor is required to fulfil its obligations under the Guarantee, the Guarantor will be obliged to withhold PRC enterprise income tax on payments of interest or premium (if any) made by the Guarantor at the tax rates specified above. To the extent that the PRC has entered into arrangements relating to the avoidance of double income taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of PRC income taxes, such lower rate may apply to qualified non-PRC resident enterprise Noteholders or individual Noteholders. However, it is unclear whether in practice non-PRC Noteholders might be able to obtain the benefit of income tax treaties entered into between PRC and their countries. The Issuer or the Guarantor (as the case may be) has agreed to pay additional amounts to Non-PRC Noteholders, subject to certain exceptions, so that Non-PRC Noteholders would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions of the Notes.

According to Circular 36, VAT is applicable where the entities or individuals provide financial services such as providing the loans within the PRC. The services are treated as being sold within the PRC where either the service provider or the service recipient is located in the PRC. It is further clarified under Circular 36 that the loans refer to the activity of lending capital for another's use and receiving the interest income thereon. Based on the definition of loans under Circular 36, the issuance of Notes may be treated as the Noteholders providing the loans to the Issuer, which thus shall be regarded as the financial services for VAT purposes. In the event the Issuer is deemed to be a PRC resident enterprise in the PRC by the PRC tax authorities, the Noteholders may be regarded as providing financial services within the PRC and consequently, the amount of interest payable by the Issuer to any non-resident Noteholders may be subject to withholding VAT at the rate of 6 per cent. Circular 36 and laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

Subject to certain exceptions, the Issuer and Guarantor will be required to pay additional amounts with respect to any such PRC withholding taxes. The request to pay additional amounts will increase the cost of servicing the Notes and will adversely impact the cash flows of the Issuer and Guarantor. In addition, if any PRC tax is imposed on the disposition of the Notes, an investor's investment return would be materially and adversely affected.

FATCA Withholding

Pursuant to certain provisions of U.S. law, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the British Virgin Islands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply to foreign passthru payments prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Additionally, Notes that are characterised as debt (or which are not otherwise treated as equity and have a fixed term) for U.S. federal income tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under "Terms and Conditions of the Notes – Further Issues") that are not distinguishable from grandfathered Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all the Notes in the series, including grandfathered Notes, as subject to withholding under FATCA. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

SUBSCRIPTION AND SALE

The Dealers have, in a dealer agreement dated 6 June 2024 and as further amended, restated and/or supplemented from time to time (the "**Dealer Agreement**"), agreed with the Issuer and the Guarantor a basis on which they or any of them may from time to time agree to subscribe Notes. Any such agreement will extend to those matters stated under "*Terms and Conditions of the Notes*". Under the terms of the Dealer Agreement, the Issuer, failing whom the Guarantor, will pay each relevant Dealer a commission (if any) agreed between the Issuer, the Guarantor and the relevant Dealer in respect of Notes subscribed by it. The Issuer and the Guarantor have agreed to reimburse the Arrangers for certain of their expenses properly incurred in connection with the establishment of the Programme and any future update of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer and the Guarantor have agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

The Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. In the ordinary course of their various business activities, the Dealers and their affiliates may 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.

The Dealers and certain of their affiliates may have performed certain investment banking and advisory services for the Issuer the Guarantor and/or their respective affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer, the Guarantor and/or their respective affiliates in the ordinary course of their business. In connection with each Tranche of Notes issued under the Programme, the Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers or their respective affiliates may purchase Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/or other securities of the Issuer, the Guarantor or their respective subsidiaries or affiliates at the same time as the offer and sale of each Tranche of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Tranche of Notes to which a particular Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Tranche of Notes).

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to CMIs (including private banks): This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for the relevant CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, 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, the Guarantor or any CMI (including its group companies) and inform 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 OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer and the Guarantor. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes. CMIs are informed that a private bank rebate may be payable as stated in this Offering Circular 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 relevant 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 relevant 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 relevant Dealers named in the relevant Pricing Supplement.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that it and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, 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

United States

In respect of Notes offered or sold in reliance on Category 1, as specified in the applicable Pricing Supplement, the Notes and the relevant Guarantee have not been and will not be registered under the Securities Act, and may not be offered or sold or, in the case of Bearer Notes, delivered within the United States except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold or, in the case of Bearer Notes, delivered, and will not offer or sell or, in the case of Bearer Notes, deliver, any Notes and the relevant Guarantee constituting part of its allotment within the United States. The Notes and the relevant Guarantee are being offered and sold outside the United States in reliance on Regulation S.

In respect of Notes offered or sold in reliance on Category 2, as specified in the applicable Pricing Supplement, the Notes and the relevant Guarantee have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold or, in the case of Bearer Notes, delivered, any Notes, and will not offer or sell or, in the case of Bearer Notes, deliver, any Notes (i) as part of their distribution at any time, and (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, as determined and certified as provided below, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer who has subscribed for Notes of a Tranche (or in the case of a sale of a Tranche of Notes issued to or through more than one Dealer, each of such Dealers as to the Notes of such Tranche purchased by or through it or, in the case of a syndicated issue, the relevant lead manager) shall determine and certify to the Issuing and Paying Agent the completion of the distribution of the Notes of such Tranche. Each Dealer has also agreed, and each further Dealer appointed under the Programme will be required to agree, that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, Dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice setting out the restrictions on offers and sales of the Notes within the United States or, to, or for the account or benefit of U.S. persons.

Terms used in the above provision have the meanings given to them by Regulation S.

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

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meaning given to them by the U.S. Internal Revenue Code and regulations thereunder.

In addition, unless the Subscription Agreement relating to one or more Tranches specifies that the applicable TEFRA exemption is either "C Rules" or "not applicable", each Dealer represents and agrees each further Dealer appointed under the Programme will be required to represent and agree in relation to each Tranche of Notes in bearer form:

(i) except to the extent permitted under the 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 "**D Rules**"): (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;

(ii) 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 in bearer form 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 D Rules;

(iii) 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) or any rule in substantially the same form for purposes of Section 4701 of the Code; and

(iv) 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 repeats and confirms all the representations contained above on behalf of such affiliate or agrees that it shall obtain from such affiliate for the benefit of the Issuer all of such representations.

Terms used in this paragraph have the meanings given to them by the Code of 1986 and regulations thereunder, including the D Rules.

In addition, to the extent that the Subscription Agreement relating to one or more Tranches of Bearer Notes specifies that the applicable TEFRA exemption is "C Rules", under 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) (the "**C Rules**") 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 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 and agrees that it has not communicated, and shall not communicate, directly or indirectly, with a prospective purchaser if either of them is within the United States or its possessions or otherwise involve its U.S. office in the offer or sale of Notes in bearer form. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder, including the C Rules and Notice 2012-20.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States. Distribution of this Offering Circular by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is 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.

European Economic Area

Prohibition of Sales to European Economic Area Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", 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 the 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**");

    (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.

Prospectus Regulation public offer selling restriction

If the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each member state of the European Economic Area, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Member State other than:

(a) if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the relevant Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or

(d) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in paragraphs (b) to (d) above shall require any relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression "an offer of Notes to the public" in relation to any Notes in any Member State means 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 and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129, as amended.

United Kingdom

Prohibition of sales to UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", 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 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 "**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.

If the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom other than:

(a) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to section 86 of the FSMA (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Notes which either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, **provided that** any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or the Pricing Supplement, as applicable, and the relevant Issuer has consented in writing to its use for the purpose of that Public Offer;

(b) to any legal entity which is 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;

to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or

(c) in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in paragraphs (b) to (d) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

For the purposes of this provision, the expression "an offer of Notes to the public" in relation to any Notes means 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 and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business, and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or 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) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

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

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (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 "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; 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 any Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent 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.

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 "**Financial Instruments and Exchange Act**"). Accordingly, 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, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or 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 Financial Instruments and Exchange Act and any other relevant laws and regulations of Japan.

PRC

Each Dealer represents, warrants and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC or Taiwan), except as permitted by the securities laws of the PRC.

British Virgin Islands

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that no invitation has been made or will be made, directly or indirectly, to any person in the British Virgin Islands or to the public in the British Virgin Islands to purchase the Notes and the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by the British Virgin Islands law.

This Offering Circular does not constitute, and there will not be, an offering of the Notes to any person in the British Virgin Islands.

General

Each Dealer agrees, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply in all material respect with all applicable securities laws, regulations and directives in force in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Offering Circular, any other offering or publicity material or any Pricing Supplement, in all cases at its own expense.

None of the Issuer, the Guarantor, the Trustee or any of the Dealers represent that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. With regard to each Tranche, the relevant Dealer(s) will be required to comply with any additional restrictions agreed between the Issuer and the relevant Dealer(s) and set out in the applicable Pricing Supplement.

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

GENERAL INFORMATION

AUTHORISATIONS

Each of the Issuer and the Guarantor has obtained all necessary consents, approvals and authorisations in connection with the establishment and the update of the Programme and the issue of the Notes thereunder, **provided that**: (1) the size of the Notes is in the scope authorised by the shareholders and the board of directors of the Guarantor; (2) with respect to each Tranche of the Notes where Order 56 is applicable, the Certificate of Examination and Registration of Foreign Debts Borrowed by Enterprises issued by the NDRC is obtained; (3) the post-issuance filing with the NDRC is completed within 10 business days after the completion of the issuance of the Notes; and (4) any payment of foreign currency is made in accordance with the requirements of purchase and payment of foreign currency under the relevant foreign exchange control regulations. In relation to the Issuer, the establishment and the update of the Programme and the issue of the Notes thereunder were authorised by the resolutions of the board of directors of the Issuer passed on 9 April 2021, the resolutions of the sole shareholder of the Issuer passed on 11 October 2022 and the resolutions of the board of directors of the Issuer passed on 11 October 2022, the resolutions of the sole shareholder of the Issuer passed on 4 June 2024 and the resolutions of the board of directors of the Issuer passed on 4 June 2024.

The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the giving and performance of the Guarantee, **provided that**: (1) the size of the Notes is in the scope authorised by the shareholders and the board of directors of the Guarantor; (2) with respect to each Tranche of the Notes where Order 56 is applicable, the Certificate of Examination and Registration of Foreign Debts Borrowed by Enterprises issued by the NDRC is obtained; (3) the post-issuance filing with the NDRC is completed within 10 business days after the completion of the issuance of the Notes; (4) if applicable, a no-objection letter for the relevant Guarantee issued by CSRC; (5) the relevant Guarantee is registered with SAFE or its local branches ("**SAFE Registration**"); (6) amendments to the initial SAFE Registration required to be made within 15 business days by the Guarantor with SAFE upon any material amendment, if any, of the provisions of the deed of guarantee of the Notes; and (7) any payment of foreign currency is made in accordance with the requirements of purchase and payment of foreign currency under the relevant foreign exchange control regulations. In relation to the Guarantor, the establishment and the update of the Programme, the giving of the Guarantee and the issue of the Notes thereunder was authorised by (1) a shareholders resolution of the Guarantor dated 18 May 2018; (2) a shareholders resolution of the Guarantor dated 15 June 2020; (3) a shareholders resolution of the Guarantor dated 28 June 2021; (4) a shareholders resolution of the Guarantor dated 21 May 2024; (5) a resolution of the board of directors of the Guarantor dated 29 March 2018; (6) a resolution of the board of directors of the Guarantor dated 24 March 2020; (7) a resolution of the board of directors of the Guarantor dated 25 March 2021; (8) a resolution of the board of directors of the Guarantor dated 28 March 2024; and (9) a resolution of the authorised person dated 9 April 2021.

The PRC counsels to the Issuer, the Guarantor and the Dealers have advised that no approvals or consents are required from any regulatory authorities or other relevant authorities in the PRC for the Issuer and the Guarantor to enter into the Trust Deed and the Agency Agreement and the Guarantor to enter into the Deed of Guarantee, **provided that** (1) the size of the Notes is in the scope authorised by the shareholders and the board of directors of the Guarantor; (2) with respect to each Tranche of the Notes where Order 56 is applicable, the Certificate of Examination and Registration of Foreign Debts Borrowed by Enterprises issued by the NDRC is obtained; (3) the post-issuance filing with the NDRC is completed within 10 business days after the completion of the issuance of the Notes; (4) a no-objection letter for the relevant Guarantee issued by CSRC; (5) the relevant Guarantee is registered with SAFE or its local branches; (6) amendments to the initial SAFE Registration required to be made within 15 business days by the Guarantor with SAFE upon any material amendment, if any, of the provisions of the deed of guarantee of the Notes; and (7) any payment of foreign currency is made in accordance with the requirements of purchase and payment of foreign currency under the relevant foreign exchange control regulation.

LITIGATION

None of the Issuer, the Guarantor or any other member of the Group is involved in any litigation or arbitration proceedings that the Issuer or the Guarantor believes are material in the context of issue of the Notes and the giving of the Guarantee, and so far as the Issuer and the Guarantor are aware, no such proceedings are pending or threatened.

NO MATERIAL ADVERSE CHANGE

There has been no material adverse change in the financial condition, business or general affairs of the Issuer, the Guarantor or the Group since 31 December 2023.

DOCUMENTS AVAILABLE

For so long as Notes may be issued pursuant to this Offering Circular, copies of the following documents will be available (following written request and proof of holding and identity satisfactory to the Trustee), at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m.) on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the principal office of the Trustee, being at the date of this Offering Circular, at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom:

(i) the Amended and Restated Trust Deed (which includes the form of the Global Notes, the Global Certificates, the Notes in definitive form, the Coupons, the Receipts and the Talons);

(ii) the Amended and Restated Agency Agreement;

(iii) each Deed of Guarantee;

(iv) each Pricing Supplement (save that a Pricing Supplement related to an unlisted Series of Notes will only be available for inspection by a holder of any such Notes and such holder must produce evidence satisfactory to the Issuer or the Trustee as to its holding of Notes and identity);

(v) a copy of this Offering Circular together with any supplement to this Offering Circular and any other documents incorporated herein or therein referenced; and

(vi) the Procedures Memorandum.

CLEARING OF THE NOTES

The Notes have been accepted for clearance through the Euroclear and Clearstream systems. The relevant ISIN and the Common Code will be specified in the applicable Pricing Supplement. The Issuer may also apply to have Notes accepted for clearance through the CMU. The relevant CMU instrument number will be set out in the relevant Pricing Supplement. If the Notes are to be cleared through an additional or alternative clearing system, the appropriate information will be set out in the relevant Pricing Supplement.

FINANCIAL STATEMENTS

The Guarantor's consolidated financial statements as at and for the years ended 31 December 2022 and 2023, which are included elsewhere in this Offering Circular, have been audited by KPMG.

LISTING OF NOTES

Application has been made to the Hong Kong Stock Exchange for the listing of the Programme under which Notes may be issued by way of debt issues to Professional Investors only within the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange.

The issue price of Notes listed on the Hong Kong Stock Exchange will be expressed as a percentage of their principal amount. 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 next business day following the date of issue of the relevant Notes. Listing of the Programme or any Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Programme, the Notes, the Guarantee, the Issuer, the Guarantor or the Group. The Hong Kong Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions or reports contained herein.

TEFRA D LEGEND

Notes issued pursuant to TEFRA D (other than temporary Global Notes) and any Coupons, Receipts and Talons appertaining thereto will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

INDEX TO FINANCIAL STATEMENTS

Note:

(1) The audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2022 and 2023 set out herein have been reproduced from the Guarantor's annual reports for the years ended 31 December 2022 and 2023, respectively, and page references are to pages set forth in such reports respectively.

INDEPENDENT AUDITOR'S REPORT

to the shareholders of Guotai Junan Securities Co., Ltd.
(Established in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Guotai Junan Securities Co., Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 238 to 391, which comprise the consolidated statement of financial position as at 31 December 2023, 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 material accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Consolidation of structured entities

Refer to Note 28 to the consolidated financial statements and the material accounting policies in Note 2.2.

The Key Audit Matter

Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. The Group may acquire or retain an ownership interest in, or act as a sponsor of, a structured entity through issuing or acquiring a wealth management product, an investment fund, an asset management scheme, a trust scheme or an asset-backed security.

In determining whether a structured entity is required to be consolidated by the Group, management is required to consider the power the Group is able to exercise over the activities of the entity and its exposure to and ability to influence its own returns from the entity.

In certain circumstances, the Group may be required to consolidate a structured entity even though it has no equity interest therein.

The factors which management needs to consider when determining whether a structured entity should be consolidated or not are not purely quantitative and need to be considered collectively.

How the matter was addressed in our audit

Our audit procedures to assess the consolidation of structured entities includes the following:

- making enquiries of management and inspecting relevant documents used by management relating to the judgement process over whether a structured entity is consolidated or not to assess whether the Group has an appropriate process in this regard;

- selecting a sample of structured entities for each key product type and performing the following procedures for each item selected:

  – inspecting the related contracts and internal documents to understand the purpose of the establishment of the structured entity and the involvement the Group has with the structured entity and to assess management's judgement over whether the Group has the ability to exercise power over the structured entity;

Consolidation of structured entities

Refer to Note 28 to the consolidated financial statements and the material accounting policies in Note 2.2.

The Key Audit Matter	How the matter was addressed in our audit
We identified the consolidation of structured entities as a key audit matter because it involves significant management judgement in determining whether a structured entity is required to be consolidated by the Group or not and because the impact of consolidating a structured entity on the consolidated statement of financial position could be significant.	– evaluating the risk and reward structure of the structured entity including any capital or return guarantee, commission paid and distribution of the returns to assess management's judgement as to exposure, or rights, to variable returns from the Group's involvement in such an entity; – evaluating management's analysis of the structured entity including qualitative analysis and calculations of the magnitude and variability associated with its economic interests in the structured entity to assess management's judgement over the Group's ability to influence its own returns from the structured entity; – evaluating management's judgement over whether the structured entity should be consolidated or not; • assessing the disclosures in the consolidated financial statements in relation to structured entities with reference to the requirements of the prevailing accounting standards.

Measurement of loss allowances for margin accounts receivable and stock-pledged financing

Refer to Note 33, 40 to the consolidated financial statements and the material accounting policies in Note 3.12.

The Key Audit Matter

The determination of loss allowances using the expected credit loss model is subject to a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, exposures at default, economic indicators for forward-looking adjustment and other adjustment factors. Management judgment is involved in the selection of those parameters and the application of the assumptions.

In particular, the determination of the loss allowances is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. The expected credit losses for margin accounts receivable and stock-pledged financing are derived from estimates whereby management takes into consideration historical overdue data, the historical loss experience and other adjustment factors.

How the matter was addressed in our audit

Our audit procedures to assess loss allowances of margin accounts receivable and stock-pledged financing includes the following:

- understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of margin accounts receivable and stock-pledged financing, the credit grading process and the measurement of loss allowance;

- assessing the reliability of the expected credit loss model used by management in determining loss allowances, including assessing the appropriateness of the key parameters and assumptions in the expected credit loss model, including the identification of loss stages, probability of default, loss given default, exposure at default, adjustments for forward-looking information and other management adjustments;

Measurement of loss allowances for margin accounts receivable and stock-pledged financing

Refer to Note 33, 40 to the consolidated financial statements and the material accounting policies in Note 3.12.

The Key Audit Matter	How the matter was addressed in our audit
Management also exercises judgement in determining the quantum of loss given default based on a range of factors. These include available remedies for recovery, the financial situation of the borrower, the recoverable amount of collateral, the seniority of the claim and the existence and cooperativeness of other creditors. When listed stocks are involved as collateral, price volatility of the stock, the liquidity, the stock holding concentration of the borrower, the loan balances to collateral ratio and the operation of the issuer will also be taken into account in the judgement. We identified loss allowances of margin accounts receivable and stock-pledged financing as a key audit matter because of the inherent uncertainty and management judgment involved and because of its significance to the financial results and capital of the Group.	• assessing the completeness and accuracy of data used for the key parameters in the expected credit loss model. For key parameters derived from internal data relating to original agreements, we compared the total balance of the financial asset list used by management to assess the allowances for impairment with the general ledger; selecting financial assets and comparing investment information with the underlying agreements and other related documentation to assess the accuracy of compilation of the asset list. For key parameters derived from external data, we selected samples to inspect the accuracy of such data by comparing them with external sources; • for key parameters involving judgement, critically assessing input parameters by seeking evidence from external sources and comparing to the Group's internal records. We compared the economic factors used in the models with market information to assess whether they were aligned with market and economic development;

Measurement of loss allowances for margin accounts receivable and stock-pledged financing

Refer to Note 33, 40 to the consolidated financial statements and the material accounting policies in Note 3.12.

The Key Audit Matter	How the matter was addressed in our audit
	• evaluating the validity of management's assessment on whether the credit risk of the financial assets has, or has not, increased significantly since initial recognition and whether the financial assets is credit-impaired by selecting risk-based samples. On a sample basis, we checked the financial assets overdue information, understanding the credit situation and the collateral to loan ratio of the borrowers; • for selected samples of the financial assets that are credit-impaired, evaluating the reasonableness of loss given default. We also evaluated the forecast cash flows, challenged the viability of the Group's recovery plans and evaluated other credit enhancements that are integral to the contract terms; • recalculating the amount of credit loss allowance for 12 months and life time credit losses using the expected credit loss model based on the above parameters and assumptions for a sample of financial assets where the credit risk has not, or has, increased significantly since initial recognition, respectively; and • evaluating whether the disclosures on impairment of margin accounts receivable and stock-pledged financing meet the disclosure requirements of prevailing accounting standards.

Assessing the fair value of financial instruments

Refer to Note 66 to the consolidated financial statements and the material accounting policies in Note 3.3.

The Key Audit Matter

The valuation of the Group's financial instruments is based on a combination of market data and valuation models which often require a considerable number of inputs.

Many of these inputs are obtained from readily available data for liquid markets. Where such observable data is not readily available, as in the case of certain level 3 financial instruments, estimates need to be developed which can involve significant management judgement.

We identified assessing the fair value of financial instruments as a key audit matter because of the degree of complexity involved in valuing certain financial instruments and because of the significant degree of judgement exercised by management in determining the inputs used in the valuation models.

How the matter was addressed in our audit

Our audit procedures to assess the fair value of financial instruments includes the following:

- assessing the design, implementation and operating effectiveness of key internal controls over the valuation, independent price verification and valuation model approval for financial instruments;
- assessing the fair values of, for a sample of financial instruments traded in active markets by comparing the fair values applied by the Group with publicly available market data;
- reading investment agreements entered into during the current year, for a sample of level 2 and level 3 financial instruments to understand the relevant investment terms and identify any conditions that were relevant to the valuation of financial instruments;
- engaging KPMG valuation specialists to assist us in evaluating the valuation models used by the Group to value certain level 2 and level 3 financial instruments and to perform, on a sample basis, independent valuations of level 2 and level 3 financial instruments and compare these valuations with the Group's valuations. This included comparing the Group's valuation models with our knowledge of current market practice, testing inputs to the fair value calculations and establishing our own valuation models to perform revaluations; and
- evaluating the reasonableness of the disclosures on fair values of financial instruments with reference to the requirements of the prevailing accounting standards.

Goodwill impairment assessment relating to HuaAn Funds

Refer to Note 25 to the consolidated financial statements and the material accounting policies in Note 3.2.

The Key Audit Matter

As at 31 December 2023, the carrying amount of goodwill was RMB4,071 million, primarily resulting from the acquisition of HuaAn Fund Management Co., Ltd. ("HuaAn Funds") (RMB4,050 million).

Management performs goodwill impairment assessment annually. In performing an impairment assessment, management calculates the recoverable amount for each of the Group's cash generating units ("CGUs").

Management considers HuaAn Funds as a separate CGU and assessed the recoverable amount of HuaAn Funds by applying a discounted cash flow ("DCF") model to determine the value in use, and involves the use of key assumptions and inputs, including revenue growth rate, terminal growth rate and discount rate, which requires significant management judgement.

We identified goodwill impairment assessment relating to HuaAn Funds as a key audit matter because of its significance to the financial statements, the significant management judgements and estimates involved, and the fact that these judgements are inherently uncertain and might be affected by management's bias.

How the matter was addressed in our audit

Our audit procedures to assess goodwill impairment relating to HuaAn Funds included the following:

- assessing the design, implementation and operating effectiveness of key internal controls over the goodwill impairment assessment relating to HuaAn Funds;
- based on our understanding on the Group's business and prevailing accounting standards, assessing management's identification of CGU and how management allocates goodwill to each CGU;
- involving KPMG valuation specialist to evaluate the appropriateness the method with reference to the requirements of the prevailing accounting standards and the reasonableness of the assumptions, including discount rate the management used when estimating the cash flows of HuaAn Funds;
- assessing the appropriateness of the key assumptions and judgments applied, including estimated revenue, growth rate and terminal growth rate adopted in the discounted cash flow forecast of HuaAn Funds by comparing with approved budgets and industry's statistics;
- performing sensitivity analyses on the discount rate and other key assumptions adopted by management to assess the impact of the impairment test result arising from the change in key assumption and whether there is any indication of management bias; and
- assessing the reasonableness of the disclosures in the consolidated financial statements in relation to goodwill impairment with reference to the requirements of the prevailing accounting standards.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, 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.

- 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 Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Siu Tung.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

(Amounts expressed in thousands of RMB unless otherwise stated)

		Year ended 31 December	
	Note	**2023**	2022 *(Restated)*
Revenue			
Fee and commission income	6	**18,748,922**	17,731,799
Interest income	7	**15,635,577**	15,586,674
Net investment gains	8	**9,120,378**	5,538,527
Total revenue		**43,504,877**	38,857,000
Gain on business combination	9	**–**	1,478,368
Other income and gains	10	**8,798,954**	8,751,553
Total revenue and other income		**52,303,831**	49,086,921
Fee and commission expenses	11	**(3,681,163)**	(3,532,038)
Interest expenses	12	**(12,832,969)**	(10,822,099)
Staff costs	13	**(9,910,878)**	(9,537,139)
Depreciation and amortization expenses	14	**(1,514,452)**	(1,305,198)
Tax and surcharges		**(185,331)**	(214,789)
Other operating expenses and costs	15	**(12,115,669)**	(10,728,581)
Provision for impairment losses		**(32,399)**	(24,261)
(Accrual)/reversal of credit loss expenses	16	**(262,518)**	464,575
Total expenses		**(40,535,379)**	(35,699,530)
Operating profit		**11,768,452**	13,387,391
Share of profits of associates and joint ventures		**379,446**	752,580
Profit before income tax		**12,147,898**	14,139,971
Income tax expense	17	**(2,262,481)**	(2,517,168)
Profit for the year		**9,885,417**	11,622,803
Attributable to:			
Equity holders of the Company		**9,374,143**	11,508,784
Non-controlling interests		**511,274**	114,019
Total		**9,885,417**	11,622,803
Earnings per share attributable to ordinary equity holders of the Company (expressed in Renminbi yuan per share)	21		
– Basic		**0.98**	1.25
– Diluted		**0.97**	1.23

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

(Amounts expressed in thousands of RMB unless otherwise stated)

	Year ended 31 December	
	2023	2022 *(Restated)*
Profit for the year	**9,885,417**	11,622,803
Other comprehensive income for the year		
Other comprehensive income that may be reclassified to profit or loss:		
Debt instruments at fair value through other comprehensive income		
– Net changes in fair value	**880,640**	126,730
– Changes in allowance for expected credit losses	**127,659**	18,121
– Reclassified to profit or loss	**(560,728)**	(461,695)
– Income tax impact	**(90,068)**	65,390
Share of other comprehensive income of associates and joint ventures		
– Share of other comprehensive income	**4,040**	(48,448)
Exchange differences on translation of financial statements in foreign currencies	**194,568**	1,166,835
Total items that may be reclassified to profit or loss	**556,111**	866,933
Other comprehensive income that will not be reclassified to profit or loss:		
Equity instruments at fair value through other comprehensive income		
– Net changes in fair value	**(86,294)**	(684,603)
– Income tax impact	**(171,202)**	158,948
Share of other comprehensive income of associates and joint ventures		
– Share of other comprehensive income	**16,353**	(181)
– Income tax impact	**(58,290)**	994
Total items that will not be reclassified to profit or loss	**(299,433)**	(524,842)
Other comprehensive income for the year, net of tax	**256,678**	342,091
Total comprehensive income for the year	**10,142,095**	11,964,894
Attributable to:		
Equity holders of the Company	**9,580,863**	11,550,479
Non-controlling interests	**561,232**	414,415
Total	**10,142,095**	11,964,894

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

(Amounts expressed in thousands of RMB unless otherwise stated)

		As at 31 December	
	Note	**2023**	2022 *(Restated)*
Non-current assets			
Property and equipment	22	**4,345,379**	3,176,858
Investment property	23	**1,067,254**	1,094,163
Right-of-use assets	24	**2,311,388**	2,388,079
Goodwill	25	**4,070,761**	4,070,761
Other intangible assets	26	**840,235**	733,799
Investments in associates	29	**7,556,250**	6,362,391
Investments in joint ventures	29	**5,234,512**	5,081,873
Debt investments at amortised cost	30	**3,010,433**	2,787,707
Debt instruments at fair value through other comprehensive income	31	**76,450,493**	56,359,547
Equity instruments at fair value through other comprehensive income	32	**1,806,371**	2,331,288
Financial assets held under resale agreements	33	**1,783,561**	298,860
Financial assets at fair value through profit or loss	34	**22,550,093**	21,126,943
Refundable deposits	35	**56,787,627**	58,922,817
Deferred tax assets	36	**2,457,519**	2,457,184
Other non-current assets	37	**199,939**	154,482
Total non-current assets		**190,471,815**	167,346,752
Current assets			
Accounts receivable	38	**16,823,117**	11,759,050
Other current assets	39	**2,409,925**	2,913,113
Margin accounts receivable	40	**89,753,965**	87,115,509
Debt investments at amortised cost	30	**604,110**	368,442
Debt instruments at fair value through other comprehensive income	31	**17,696,292**	4,829,768
Equity instruments at fair value through other comprehensive income	32	**69,309**	–
Financial assets held under resale agreements	33	**67,882,530**	70,837,360
Financial assets at fair value through profit or loss	34	**350,024,147**	310,274,301
Derivative financial assets	41	**9,672,698**	8,232,823
Clearing settlement funds	42	**7,315,428**	7,414,914
Cash held on behalf of brokerage customers	43	**141,939,238**	158,867,961
Cash and bank balances	44	**30,739,910**	30,747,924
Total current assets		**734,930,669**	693,361,165
Total assets		**925,402,484**	860,707,917

The accompanying notes form part of the consolidated financial statements.

	Note	As at 31 December 2023	2022 (Restated)
Current liabilities			
Loans and borrowings	45	**11,661,690**	9,847,547
Short-term debt instruments	46	**19,372,094**	13,649,479
Placements from other financial institutions	47	**11,744,902**	12,967,205
Accounts payable to brokerage customers	48	**178,055,072**	195,718,783
Employee benefits payable	49	**7,728,844**	9,057,704
Income tax payable		**1,078,951**	1,698,975
Financial assets sold under repurchase agreements	50	**216,829,590**	173,236,682
Financial liabilities at fair value through profit or loss	51	**57,623,628**	48,327,552
Derivative financial liabilities	41	**11,488,606**	9,790,659
Bonds payable	52	**32,443,108**	33,724,583
Contract liabilities	53	**80,141**	96,601
Lease liabilities	24	**615,271**	571,474
Other current liabilities	54	**82,087,047**	64,786,119
Total current liabilities		**630,808,944**	573,473,363
Net current assets		**104,121,725**	119,887,802
Total assets less current liabilities		**294,593,540**	287,234,554
Non-current liabilities			
Loans and borrowings	45	**549,552**	559,151
Bonds payable	52	**101,582,435**	94,159,011
Lease liabilities	24	**1,214,080**	1,313,701
Deferred tax liabilities	36	**155,141**	128,523
Financial liabilities at fair value through profit or loss	51	**17,200,633**	26,721,315
Other non-current liabilities	55	**513,689**	507,394
Total non-current liabilities		**121,215,530**	123,389,095
Net assets		**173,378,010**	163,845,459

The accompanying notes form part of the consolidated financial statements.

	Note	As at 31 December 2023	2022 (Restated)
Equity			
Share capital	56	**8,904,611**	8,906,673
Other equity instruments	57	**19,918,679**	16,046,936
Treasury shares		**(361,484)**	(393,371)
Reserves	58	**80,001,204**	76,474,974
Retained profits	58	**58,506,243**	56,683,126
Equity attributable to equity holders of the Company		**166,969,253**	157,718,338
Non-controlling interests		**6,408,757**	6,127,121
Total equity		**173,378,010**	163,845,459

Approved and authorized for issue by the Board of Directors on 28 March 2024.

Zhu Jian	**Li Junjie**
Chairman	*Executive Director*

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

(Amounts expressed in thousands of RMB unless otherwise stated)

	Attributable to equity shareholders of the Company											
	Share capital	Other equity instruments	Capital reserve	Investment revaluation reserve	Translation reserve	Surplus reserve	General reserve	Treasury shares	Retained profits	Total	Non-controlling interests	Total equity
At 31 December 2022 (restated)	8,906,673	16,046,936	46,069,062	(711,715)	347,433	7,172,530	23,597,664	(393,371)	56,683,126	157,718,338	6,127,121	163,845,459
Profit for the year	-	-	-	-	-	-	-	-	9,374,143	9,374,143	511,274	9,885,417
Other comprehensive income for the year	-	-	-	59,185	147,535	-	-	-	-	206,720	49,958	256,678
Total comprehensive income for the year	-	-	-	59,185	147,535	-	-	-	9,374,143	9,580,863	561,232	10,142,095
Issue of perpetual bonds	-	5,000,000	(19,623)	-	-	-	-	-	-	4,980,377	-	4,980,377
Appropriation to general reserve	-	-	-	-	-	-	1,759,099	-	(1,759,099)	-	-	-
Dividends (Note 20)	-	-	-	-	-	-	-	-	(4,719,402)	(4,719,402)	-	(4,719,402)
Distribution to other equity instrument holders (Note 20)	-	-	-	-	-	-	-	-	(758,500)	(758,500)	-	(758,500)
Distribution to non-controlling shareholders and other equity instrument holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(273,727)	(273,727)
Other comprehensive income that has been reclassified to retained profits	-	-	-	314,025	-	-	-	-	(314,025)	-	-	-
Conversion of convertible bonds	95	(1,128,257)	1,130,011	-	-	-	-	-	-	1,849	-	1,849
Shares repurchased	-	-	-	-	-	-	-	(14,188)	-	(14,188)	-	(14,188)
Deregistration of treasury shares	(2,157)	-	(12,031)	-	-	-	-	14,188	-	-	-	-
Equity-settled share-based payments	-	-	141,996	-	-	-	-	31,887	-	173,883	-	173,883
Others	-	-	6,033	-	-	-	-	-	-	6,033	(5,869)	164
At 31 December 2023	8,904,611	19,918,679	47,315,448	(338,505)	494,968	7,172,530	25,356,763	(361,484)	58,506,243	166,969,253	6,408,757	173,378,010

The accompanying notes form part of the consolidated financial statements.

	Attributable to equity shareholders of the Company											
	Share capital	Other equity instruments	Capital reserve	Investment revaluation reserve	Translation reserve	Surplus reserve	General reserve	Treasury shares	Retained profits	Total	Non-controlling interests	Total equity
At 31 December 2021	8,908,450	11,071,656	45,802,519	(344,632)	(515,131)	7,172,530	21,534,879	(638,820)	54,132,214	147,123,665	3,512,927	150,636,592
Adjustment on initial application of Amendments to IAS12	-	-	-	-	-	-	3,547	-	14,189	17,736	-	17,736
As at 1 January 2022	8,908,450	11,071,656	45,802,519	(344,632)	(515,131)	7,172,530	21,538,426	(638,820)	54,146,403	147,141,401	3,512,927	150,654,328
Profit for the year	-	-	-	-	-	-	-	-	11,508,784	11,508,784	114,019	11,622,803
Other comprehensive income for the year	-	-	-	(820,869)	862,564	-	-	-	-	41,695	300,396	342,091
Total comprehensive income for the year	-	-	-	(820,869)	862,564	-	-	-	11,508,784	11,550,479	414,415	11,964,894
Issue of perpetual bonds	-	4,975,283	-	-	-	-	-	-	-	4,975,283	-	4,975,283
Appropriation to general reserve	-	-	-	-	-	-	2,059,238	-	(2,059,238)	-	-	-
Dividends (Note 20)	-	-	-	-	-	-	-	-	(6,056,537)	(6,056,537)	-	(6,056,537)
Distribution to other equity instrument holders (Note 20)	-	-	-	-	-	-	-	-	(402,500)	(402,500)	-	(402,500)
Distribution to non-controlling shareholders and other equity instrument holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(110,448)	(110,448)
Other comprehensive income that has been reclassified to retained profits	-	-	-	453,786	-	-	-	-	(453,786)	-	-	-
Conversion of convertible bonds	1	(3)	21	-	-	-	-	-	-	19	-	19
Shares repurchased	-	-	-	-	-	-	-	-	-	-	(48,954)	(48,954)
Deregistration of treasury shares	(1,778)	-	(10,810)	-	-	-	-	12,588	-	-	-	-
Equity-settled share-based payments	-	-	275,858	-	-	-	-	232,861	-	508,719	-	508,719
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	2,360,296	2,360,296
Others	-	-	1,474	-	-	-	-	-	-	1,474	(1,115)	359
At 31 December 2022 (restated)	8,906,673	16,046,936	46,069,062	(711,715)	347,433	7,172,530	23,597,664	(393,371)	56,683,126	157,718,338	6,127,121	163,845,459

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

(Amounts expressed in thousands of RMB unless otherwise stated)

		Year ended 31 December	
	Note	**2023**	2022
Cash flows from operating activities:			
Profit before income tax		**12,147,898**	14,139,971
Adjustments for:			
Interest expenses		**12,832,969**	10,822,099
Unrealized fair value changes in financial instruments at fair value through profit or loss		**1,623,572**	1,605,756
Depreciation and amortization expenses		**1,514,452**	1,305,198
Accrual/(reversal) of credit loss expenses		**262,518**	(464,575)
Equity-settled share-based payment expenses		**142,160**	276,216
Foreign exchange losses/(gains)		**51,240**	(118,031)
Provision for impairment losses		**32,399**	24,261
Net losses on disposal of property and equipment		**2,920**	1,850
Interest income and other income from financial assets at fair value through other comprehensive income		**(2,009,404)**	(2,087,761)
Interest income from time deposits		**(1,521,631)**	(1,334,573)
Share of profits of associates and joint ventures		**(379,446)**	(752,580)
Net realized gains from financial instruments at fair value through other comprehensive income		**(317,097)**	(465,658)
Unrealized fair value changes in derivatives		**(273,509)**	(2,118,404)
Interest income from debt investments at amortised cost		**(102,458)**	(18,707)
Interest income from general risk reserve deposits		**(10,183)**	–
Gain on business combination		**–**	(1,478,368)
Gain from the acquisition of associate's equity		**–**	(95,501)
		23,996,400	19,241,193

The accompanying notes form part of the consolidated financial statements.

	Note	Year ended 31 December 2023	2022
Cash flows from operating activities:			
Increase in financial assets sold under repurchase agreements		**43,308,020**	8,166,971
Increase in other liabilities		**17,273,547**	20,888,410
Decrease/(increase) in cash held on behalf of brokerage customers		**17,259,295**	(6,443,175)
Decrease/(increase) in refundable deposits		**2,114,191**	(18,086,528)
Decrease in financial assets held under resale agreements		**588,687**	305,131
Increase in financial instruments at fair value through profit or loss and derivative financial instruments		**(41,033,067)**	(15,282,797)
(Decrease)/increase in accounts payable to brokerage customers		**(17,850,359)**	21,965,622
Increase in accounts receivable, other current assets and other non-current assets		**(5,765,022)**	(1,089,727)
(Increase)/decrease in margin accounts receivable		**(2,716,085)**	22,442,654
Decrease in employee benefits payable		**(1,328,860)**	(461,610)
(Decrease)/increase in placements from other financial institutions		**(1,222,327)**	829,206
Increase in general risk reserve		**(333,327)**	–
Cash generated from operations		**34,291,093**	52,475,350
Income taxes paid		**(3,175,783)**	(3,184,687)
Interest paid		**(6,676,248)**	(4,969,451)
Net cash generated from operating activities		**24,439,062**	44,321,212

The accompanying notes form part of the consolidated financial statements.

		Year ended 31 December	
	Note	**2023**	2022
Cash flows from investing activities:			
Proceeds from disposal of financial assets at fair value through other comprehensive income and other investments		**56,213,314**	39,043,883
Dividends and interest received from financial assets at fair value through other comprehensive income and other investments		**3,401,400**	3,745,701
Proceeds from disposal of property and equipment, other intangible assets and other non-current assets		**10,154**	11,239
Proceeds from disposal of subsidiaries, associates and joint ventures		**5,041**	–
Purchases of financial assets at fair value through other comprehensive income and other investments		**(92,564,272)**	(38,378,364)
Purchases of property and equipment, other intangible assets and other non-current assets		**(1,165,432)**	(1,784,313)
Acquisition of subsidiary, net of cash paid	59 (d)	**–**	(963,606)
Net cash (used in)/generated from investing activities		**(34,099,795)**	1,674,540

The accompanying notes form part of the consolidated financial statements.

	Note	Year ended 31 December 2023	2022
Cash flows from financing activities:			
Proceeds from loans and borrowings		**109,900,558**	54,621,235
Proceeds from issuance of bonds payable		**39,255,000**	30,205,500
Proceeds from issuance of short-term debt instruments		**31,238,209**	28,823,913
Proceeds from issuance of a perpetual bond		**5,000,000**	4,995,000
Repayment of loans and borrowings		**(108,249,276)**	(48,556,578)
Repayment of debt securities issued		**(58,968,357)**	(91,868,658)
Dividends paid		**(5,579,622)**	(6,564,280)
Interest paid		**(5,908,323)**	(5,437,460)
Capital element of lease rentals paid		**(666,252)**	(564,860)
Interest element of lease rentals paid		**(64,843)**	(69,217)
Purchase of treasury shares		**(14,188)**	(48,954)
Cash used in other financing activities		**–**	(170,709)
Net cash generated from/(used in) financing activities		**5,942,906**	(34,635,068)
Net (decrease)/increase in cash and cash equivalents		**(3,717,827)**	11,360,684
Cash and cash equivalents at the beginning of the year		**80,540,349**	68,644,484
Effect of foreign exchange rate changes		**97,054**	535,181
Cash and cash equivalents at the end of the year	59(a)	**76,919,576**	80,540,349

The accompanying notes form part of the consolidated financial statements.

1. GENERAL INFORMATION

On 25 September 1992, with the approval of the People's Bank of China (the "PBOC"), Guotai Securities Co., Ltd. (國泰證券有限公司) was established in Shanghai, the People's Republic of China (the "PRC"). On 12 October 1992, with the approval of the PBOC, Junan Securities Co., Ltd. (君安證券有限責任公司) was established in Shenzhen, the PRC. On 20 May 1999, as approved by the China Securities Regulatory Commission (the "CSRC"), Guotai Securities Co., Ltd. merged with Junan Securities Co., Ltd. to set up a new company, Guotai Junan Securities Co., Ltd. (國泰君安証券股份有限公司) (the "Company") in Shanghai, the PRC. On 13 August 2001, the Company spun off its non-security business and related assets and liabilities to a newly established company, and continued to use the name of Guotai Junan Securities Co., Ltd. (國泰君安証券股份有限公司).

The Company publicly issued A shares and was listed on the Shanghai Stock Exchange on 26 June 2015, with the stock code 601211. On 11 April 2017, the Company issued H shares which are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"), with the stock code 02611.

The registered office of the Company is located at No. 618 Shangcheng Road, China (Shanghai) Pilot Free-Trade Zone, Shanghai, PRC.

The Company and its subsidiaries (collectively referred to as the "Group") is principally engaged in securities brokerage, securities proprietary trading, securities underwriting and sponsorship, securities investment consultation, the financial advisory business relating to securities trading and securities investment, margin financing and securities lending, the agency sale of securities investment funds, the agency sale of financial products, introducing brokerage for futures companies, asset management, fund management, commodity futures brokerage, financial futures brokerage, futures investment consulting, equity investment, venture capital, investment management, investment consultation and other business activities approved by the CSRC.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair value, as explained in the accounting policies set out below. The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2023. 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 rights 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 derecognizes (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 recognizes (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 recognized 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. MATERIAL ACCOUNTING POLICIES *(continued)*

2.3 Other amendments to the standards effective in 2023 relevant to and adopted by the Group

(a) Overview

The Group has applied the following new and amended IFRSs issued by the IASB that are first effective for the financial year ended 31 December 2023.

- IFRS 17, *Insurance Contracts*
- Amendments to IAS 8, *Definition of accounting estimates*
- Amendments to IAS 1 and IFRS Practice Statement 2, *Disclosure of accounting policies*
- Amendments to IAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to IAS 12, *International Tax Reform – Pillar Two model rules*

Except for amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction, none of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Details of the changes in accounting policies are discussed below.

(b) Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has adopted *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)* from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transaction that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur after the beginning of the earliest period presented.

Following the amendments, the Group no longer applies the initial recognition exemption, and has recognized a separate deferred tax assets in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets.

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.3 Other amendments to the standards effective in 2023 relevant to and adopted by the Group *(continued)*

(b) Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction *(continued)*

The following table summarises the amounts that would have been in the Group's consolidated statement of profit or loss for the year ended 31 December 2023 and the consolidated statement of financial position as at that date, if the group had not changed its accounting policy as noted above.

Consolidated statement of profit or loss for the year ended 31 December 2023	**As reported**	**Backing out effect of adoption of the Amendments to IAS 12**	**If accounting policy had not been changed**
	RMB'000	*RMB'000*	*RMB'000*
Income tax expense	(2,262,481)	660	(2,263,141)
Profit for the year	9,885,417	660	9,884,757
Profit attributable to equity holders of the Company	9,374,143	660	9,373,483

Consolidated statement of comprehensive income for the year ended 31 December 2023	**As reported**	**Backing out effect of adoption of the Amendments to IAS 12**	**If accounting policy had not been changed**
	RMB'000	*RMB'000*	*RMB'000*
Total comprehensive income for the year	10,142,095	660	10,141,435
Total comprehensive income for the year attributable to equity holders of the Company	9,580,863	660	9,580,203

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.3 Other amendments to the standards effective in 2023 relevant to and adopted by the Group *(continued)*

(b) Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction *(continued)*

Consolidated statement of financial position as at 31 December 2023	As reported	Backing out effect of adoption of the Amendments to IAS 12	If accounting policy had not been changed
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	2,457,519	20,031	2,437,488
Total non-current assets	190,471,815	20,031	190,451,784
Total assets	925,402,484	20,031	925,382,453
Net assets	173,378,010	20,031	173,357,979
Reserves	80,001,204	4,006	79,997,198
Retained profits	58,506,243	16,025	58,490,218
Equity attributable to equity holders of the Company	166,969,253	20,031	166,949,222
Total equity	173,378,010	20,031	173,357,979

The following table summarises the impacts of the above accounting policy change on the comparatives presented in the Group's consolidated statement of profit or loss and statement of financial position.

Consolidated statement of profit or loss for the year ended 31 December 2022	As previously reported	Effect of the adoption of the Amendments to IAS 12	As restated
	RMB'000	*RMB'000*	*RMB'000*
Income tax expense	2,518,802	(1,634)	2,517,168
Profit for the year	11,621,169	1,634	11,622,803
Profit attributable to equity holders of the Company	11,507,150	1,634	11,508,784
Earnings per share attributable to ordinary equity holders of the Company (expressed in Renminbi yuan per share)			
Basic	1.24	0.01	1.25

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.3 Other amendments to the standards effective in 2023 relevant to and adopted by the Group *(continued)*

(b) Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction *(continued)*

Consolidated statement of comprehensive income for the year ended 31 December 2022	**As previously reported**	**Effect of the adoption of the Amendments to IAS 12**	**As restated**
	RMB'000	*RMB'000*	*RMB'000*
Total comprehensive income for the year	11,963,260	1,634	11,964,894
Total comprehensive income for the year attributable to equity holders of the Company	11,548,845	1,634	11,550,479

Consolidated statement of financial position as at 31 December 2022	**As previously reported**	**Effect of the adoption of the Amendments to IAS 12**	**As restated**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	2,437,814	19,370	2,457,184
Total non-current assets	167,327,382	19,370	167,346,752
Total assets	860,688,547	19,370	860,707,917
Net assets	163,826,089	19,370	163,845,459
Reserves	76,471,100	3,874	76,474,974
Retained profits	56,667,630	15,496	56,683,126
Equity attributable to equity holders of the Company	157,698,968	19,370	157,718,338
Total equity	163,826,089	19,370	163,845,459

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.3 Other amendments to the standards effective in 2023 relevant to and adopted by the Group *(continued)*

(b) Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction *(continued)*

After retrospective adjustment of the above accounting policy change, the Group's consolidated statement of financial position as at 1 January 2022 are as follows:

	1 January 2022
	RMB'000
Non-current assets	
Property and equipment	2,940,786
Investment property	973,275
Right-of-use assets	2,486,964
Goodwill	20,896
Other intangible assets	662,890
Investments in associates	7,434,717
Investments in joint ventures	5,492,824
Debt instruments at fair value through other comprehensive income	55,034,775
Equity instruments at fair value through other comprehensive income	2,480,358
Financial assets held under resale agreements	1,893,344
Financial assets at fair value through profit or loss	19,946,824
Refundable deposits	40,795,692
Deferred tax assets	1,863,201
Other non-current assets	103,751
Total non-current assets	142,130,297
Current assets	
Accounts receivable	9,312,022
Other current assets	2,911,292
Margin accounts receivable	109,287,307
Debt instruments at fair value through other comprehensive income	11,803,641
Financial assets held under resale agreements	57,689,409
Financial assets at fair value through profit or loss	264,438,237
Derivative financial assets	4,157,399
Clearing settlement funds	6,726,022
Cash held on behalf of brokerage customers	151,178,698
Cash and bank balances	31,656,227
Total current assets	649,160,254
Total assets	791,290,551

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.3 Other amendments to the standards effective in 2023 relevant to and adopted by the Group *(continued)*

(b) Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction *(continued)*

	1 January 2022
	RMB'000
Current liabilities	
Loans and borrowings	4,340,789
Short-term debt instruments	46,021,302
Placements from other financial institutions	12,108,833
Accounts payable to brokerage customers	172,483,608
Employee benefits payable	8,424,175
Income tax payable	2,015,777
Financial assets sold under repurchase agreements	164,884,092
Financial liabilities at fair value through profit or loss	33,950,820
Derivative financial liabilities	9,752,873
Bonds payable	32,246,542
Lease liabilities	510,987
Other current liabilities	43,915,745
Total current liabilities	530,655,543
Net current assets	118,504,711
Total assets less current liabilities	260,635,008
Non-current liabilities	
Bonds payable	94,520,556
Lease liabilities	1,429,121
Deferred tax liabilities	111,309
Financial liabilities at fair value through profit or loss	13,538,712
Other non-current liabilities	380,982
Total non-current liabilities	109,980,680
Net assets	150,654,328
Equity	
Share capital	8,908,450
Other equity instruments	11,071,656
Treasury shares	(638,820)
Reserves	73,653,712
Retained profits	54,146,403
Equity attributable to equity holders of the Company	147,141,401
Non-controlling interests	3,512,927
Total equity	150,654,328

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.1 Investments in associates and joint ventures

An associate is an entity in 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 type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the 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. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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 recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized 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 unrealized 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 recognizes 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 recognized 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 IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 Business combinations and goodwill

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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 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.

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 that are financial liabilities 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 recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized 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 recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net 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, recognized in profit or loss as a gain on bargain purchase.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 Business combinations and goodwill *(continued)*

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, 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, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

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.

3.3 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.3 Fair value measurement *(continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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; and

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 recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.4 Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.5 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.

(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;

(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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.6 Property and equipment and depreciation

Property and equipment, other than construction in progress ("CIP"), are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.26% – 3.20%
Leasehold improvements	Over the shorter of the remaining lease terms and 5 years
Machinery	8.64% – 19.20%
Electronic equipment	19.00% – 50.00%
Communication equipment	10.56% – 32.00%
Motor vehicles	9.50% – 32.00%
Others	9.50% – 32.00%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.7 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is accounted for using the cost model and stated in the financial statements at cost less accumulated depreciation, and impairment losses (see Note 3.4). The cost of investment property, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the investment property is classified as held for sale.

	Estimated useful lives	**Estimated residual values**	**Depreciation rates**
Buildings	30 – 42 years	4.0% – 5.0%	2.26% – 3.20%

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

3.8 Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.8 Intangible assets (other than goodwill) *(continued)*

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level, whether there is any indicator of impairment or not. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Useful lives of each category of intangible assets are as follows:

	Useful lives
Trading seats rights	Indefinite
Software	5 years

3.9 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 recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) as a single lease component.

(a) Right-of-use assets

Right-of-use assets are recognized 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 recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.9 Leases *(continued)*

Group as a lessee *(continued)*

(a) Right-of-use assets (continued)

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.

(b) Lease liabilities

Lease liabilities are recognized 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 variable lease payments that do not depend on an index or a rate are recognized 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.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (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 assets that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.10 Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized 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 IFRS 15.

In order for a financial asset to be classified and measured at amortized 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 amortized 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 recognized 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.10 Investments and other financial assets *(continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to profit or loss.

Financial assets designated at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognized as net investment gains in the 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 instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.10 Investments and other financial assets *(continued)*

Subsequent measurement *(continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes 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 recognized as net investment gains in the 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 recognized in the 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.11 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 derecognized (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 recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes 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.

3.12 Impairment of financial assets

The Group recognizes 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 recognized 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").

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.12 Impairment of financial assets *(continued)*

General approach *(continued)*

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.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group assesses the internal and external credit ratings of the debt investments.

The Group considers 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 after 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 amortized 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.12 Impairment of financial assets *(continued)*

General approach *(continued)*

Purchased or originated credit-impaired ("POCI") assets are financial assets that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted effective interest rate. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

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 a simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

For trade receivables and contract assets that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

3.13 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and other financial liabilities measured at amortized cost.

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs.

The Group's financial liabilities include loans and borrowings, short-term debt instruments, placements from other financial institutions, accounts payable to brokerage customers, financial liabilities at fair value through profit or loss, financial assets sold under repurchase agreements, derivative financial liabilities, bonds payable, other current liabilities and other non-current liabilities.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.13 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 includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 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 recognized in the statement of profit or loss. The net fair value gain or loss recognized 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 date of initial recognition and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognized in the 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 statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.13 Financial liabilities *(continued)*

Subsequent measurement *(continued)*

Financial liabilities at amortized cost

After initial recognition, interest-bearing financial liabilities are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized 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.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognized as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long-term liability on the amortized cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognized and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognized.

3.14 Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the statement of profit or loss.

3.15 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.16 Derivative financial instruments

Initial recognition and subsequent measurement

Derivative financial instruments are initially recognized 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 statement of profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

3.17 Financial assets held under resale agreements and financial assets sold under repurchase agreements

Financial assets held under resale agreements and financial assets sold under repurchase agreements are recorded at the amount actually paid or received when the transactions occur, and are recognized in the statement of financial position. The assets held under the agreements to resell are registered as off-balance-sheet items, while the assets sold under the agreements to repurchase are recorded in the statement of financial position.

The bid-ask spread of the financial assets under agreements to resell and financial assets sold under agreements to repurchase are recognized as interest income or interest expense using the effective interest rate method in the reselling or repurchasing period.

3.18 Accounts payable to brokerage customers

Accounts payable to brokerage customers are all deposited in the bank accounts designated by the Group. The Group recognizes the funds as liabilities for settlement to the customers.

The Group executes trade orders through stock exchanges on behalf of the customers. If the total amount of purchased securities exceeds that of sold securities, accounts payable to brokerage customers decrease by the difference in addition to the withholding stamp duty and commission. If the total amount of sold securities exceeds that of purchased securities, accounts payable to brokerage customers increase by the difference after deducting the withholding stamp duty and commission.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.19 Margin financing and securities lending services

Margin financing and securities lending services refer to the lending of funds by the Group to customers for purchase of securities, or lending of securities by the Group to customers for short-selling of securities, for which the customers provide the Group with collateral.

Margin financing services

The Group recognizes margin financing services to customers as margin accounts receivable, and recognizes the commission as interest income accordingly.

The policy of provision for impairment of margin accounts receivables is determined with reference to the policy of provision for impairment of financial assets measured at amortized cost.

Securities lending services

The Group lends securities to their customers with agreed expiry dates and interest rates, and the same amount of similar securities received on the expiry date. Commission is recognized as interest revenue according to the securities lending agreement. The securities transferred under the securities lending services are not derecognized.

3.20 Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects are assigned by using specific identification of their individual costs. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

3.21 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.22 Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in interest expense in the statement of profit or loss.

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognized in accordance with the general policy for provisions above; and (ii) the amount initially recognized less, when appropriate, the amount of income recognized in accordance with the policy for revenue recognition.

3.23 Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized 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, associates and joint ventures, 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.23 Income tax *(continued)*

Deferred tax assets are recognized for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized, 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, associates and joint ventures, deferred tax assets are only recognized 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 utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized 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 realized 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 taxes 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 realize 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.

3.24 Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.25 Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized 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 recognized 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 with 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 recognized under the contract includes the interest expense accreted on the contract liabilities 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 IFRS 15.

(a) Securities brokerage and investment consulting business

Income from the securities brokerage is recognized on a trade date basis when the relevant transactions are executed. Handling and settlement fee income arising from the brokerage business is recognized when the related services are rendered.

Income from the investment consulting business is recognized when the relevant transactions have been arranged or the relevant services have been rendered.

(b) Underwriting and sponsorship business

Income from the underwriting and sponsorship business is recognized when the obligation of underwriting or sponsoring is completed.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.25 Revenue recognition *(continued)*

Revenue from contracts with customers *(continued)*

(c) Asset management business

Income from asset management business is recognized when contingent criteria associated are met.

(d) Other business

Income from other business is recognized when control of goods or services is transferred to the customers.

3.26 Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

3.27 Contract liabilities

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

3.28 Contract costs

Other than the costs which are capitalized as property and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalized as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalized contract costs are amortized and charged to the statement of profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognized. Other contract costs are expensed as incurred.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.29 Expenses recognition

Commission expenses

Commission expenses relate mainly to transactions, which are recognized as expenses when the services are received.

Interest expenses

Interest expenses are recognized based on the amortized cost and at the effective interest rate applicable.

Other expenses

Other expenses are recognized on an accrual basis.

3.30 Fiduciary wealth management

The Group's fiduciary wealth management business includes fund management, single asset management, collective asset management and specified asset management. The Group keeps separate accounting records for each of these investment schemes, and periodically reconciles the accounting and valuation results of each scheme with the custodians.

3.31 Employee benefits

Employee benefits refer to all forms of consideration and other related expenses except share-based payments given by the Group in exchange for services rendered by employees. The employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to an employee's spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Post-employment benefits (Defined contribution plan)

The Group participates in a defined contribution plan in which the employees benefit from pensions and unemployment insurance managed by the government, and annuity plans managed by the Group. Such expenditure is charged to the statement of profit or loss in the period when it is incurred.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.31 Employee benefits *(continued)*

Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes restructuring costs involving the payment of termination benefits.

Other long-term employee benefits

Other long-term employee benefits are applicable to the rules on post-employment benefits, to recognize their net liabilities or net assets, while the changes are recorded in current profit or loss or related asset cost.

Share-based payments

(i) Accounting treatment of cash-settled share-based payments

Where the Group receives services from employees by incurring a liability to deliver cash or other assets for amounts that are determined based on the price of shares or other equity instruments, the service received from employees is measured at the fair value of the liability incurred. If a cash-settled share-based payment do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognizes costs or expenses as services are received, with a corresponding increase in liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting. Until the liability is settled, the Group will remeasure the fair value of the liability at each balance sheet date and at the date of settlement, with changes recognized in profit or loss for the current period.

When the Group receives services and has the obligation to settle the transaction, but the relevant equity instruments are issued by the Company's ultimate parent or its subsidiaries outside the Group, the Group classifies the transaction as cash-settled.

(ii) Accounting treatment of equity-settled share-based payments

Where the Group uses shares or other equity instruments as consideration for services received from the employees, the payment is measured at the fair value of the equity instruments granted to the employees at the grant date. If the equity instruments granted do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognizes an amount at each balance sheet date during the vesting period based on the best estimate of the number of equity instruments expected to vest according to the newly obtained subsequent information of the changes of the number of the employees expected to vest the equity instruments. The Group measures the services received at the grant-date fair value of the equity instruments and recognizes the costs or expenses as the services are received, with a corresponding increase in capital reserve.

When the Group receives services, but has no obligation to settle the transaction because the relevant equity instruments are issued by the Company's ultimate parent or its subsidiaries outside the Group, the Group also classifies the transaction as equity-settled.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.32 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.33 Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

3.34 Foreign currencies

The consolidated financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.34 Foreign currencies *(continued)*

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the average exchange rates for the year.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is transferred to the statement of profit or loss.

Cash flows denominated in foreign currencies and cash flows of overseas subsidiaries are translated using the average exchange rates for the year. The impact on cash caused by the fluctuation of exchange rates is presented as a separate line item in the statement of cash flows.

4. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in these consolidated financial statements is included in the following note:

Note 2.2 – consolidation: whether the Group has control over a structured entity.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 3.2 – the impairment of goodwill

Note 3.3 – measurement of fair value;

4. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

B. Assumptions and estimation uncertainties *(continued)*

Note 3.4 – the impairment of non-financial assets;

Notes 3.6 to 3.8 – depreciation rates and amortisation rates for property and equipment, investment property and other intangible assets;

Note 3.12 – measurement of 'expected credit loss' (ECL) allowance for financial assets;

Note 3.23 – recognition of deferred tax assets; and

Note 3.31 – share-based payments.

5. TAXATION

The Group's main applicable taxes and tax rates are as follows:

Tax type	Tax basis	Tax rate
Corporate income tax	Taxable profits	16.5% – 25%
Value added tax ("VAT")	Output VAT is calculated on product sales and taxable services revenue. The basis for VAT payable is to deduct input VAT from the output VAT for the period.	3% – 13%
City maintenance and construction tax	Value added tax paid	1% – 7%
Education surcharge	Value added tax paid	3%
Local Education surcharge	Value added tax paid	2%

Corporate Income tax

The income tax rate applicable to the Company and its subsidiaries in Mainland China is 25%. The income tax rate applicable to subsidiaries in Hong Kong is 16.5%.

Value added tax

According to the Circular on the Relevant Issues concerning Value-added Tax Levied on Asset Management Products (《關於資管產品增值稅有關問題的通知》) promulgated by the Ministry of Finance (the "MOF") and the State Administration of Taxation (the "SAT") of the PRC on 30 June 2017, starting from 1 January 2018, with respect to any VAT-able activities in the course of managing asset management products, managers of the asset management products could be temporarily subject to the simplified VAT calculation method and thus liable to VAT at 3%. With respect to VAT-able income arising from asset management products prior to 1 January 2018, if VAT had not been paid previously, no VAT will be payable; if VAT had been paid previously, the previously paid VAT can be used to offset against the VAT payable of the managers.

6. FEE AND COMMISSION INCOME

(a) Revenue streams

	Year ended 31 December	
	2023	2022
Securities brokerage and investment consulting business	**7,743,749**	8,898,520
Asset management and fund management business	**4,101,603**	1,650,646
Underwriting and sponsorship business	**3,617,512**	4,227,805
Futures brokerage business	**2,801,038**	2,429,572
Financial advisory business	**222,560**	228,434
Custodian and outsourcing service	**194,334**	180,076
Others	**68,126**	116,746
Total	**18,748,922**	17,731,799

Fee and commission income represented the Group's revenue from contracts with customers.

(b) Disaggregation of revenue

In the following table, fee and commission income are disaggregated by timing of revenue recognition:

	Year ended 31 December			
	2023		2022	
	At a point in time	**Over time**	At a point in time	Over time
Securities brokerage and investment consulting business	**7,743,749**	**–**	8,898,520	–
Asset management and fund management business	**–**	**4,101,603**	–	1,650,646
Underwriting and sponsorship business	**3,617,512**	**–**	4,227,805	–
Futures brokerage business	**2,801,038**	**–**	2,429,572	–
Financial advisory business	**222,560**	**–**	228,434	–
Custodian and outsourcing service	**–**	**194,334**	–	180,076
Others	**68,126**	**–**	116,746	–
Total	**14,452,985**	**4,295,937**	15,901,077	1,830,722

7. INTEREST INCOME

	Year ended 31 December	
	2023	2022
Margin financing and securities lending	**6,083,010**	6,386,614
Deposits in financial institutions	**5,198,461**	4,740,207
Debt instruments at fair value through other comprehensive income	**1,961,564**	2,026,532
Stock-pledged financing and securities repurchase	**1,388,858**	1,860,172
Other financial assets held under resale agreements	**843,325**	497,132
Debt investments at amortised cost	**102,458**	18,707
Others	**57,901**	57,310
Total	**15,635,577**	15,586,674

8. NET INVESTMENT GAINS

	Year ended 31 December	
	2023	2022
Dividend and other income		
Financial instruments at fair value through profit or loss	**9,890,971**	6,740,026
Equity instruments at fair value through other comprehensive income	**47,840**	61,229
Net realized gains/(losses)		
Financial instruments at fair value through profit or loss	**(3,442,746)**	(3,907,906)
Debt instruments at fair value through other comprehensive income	**317,097**	465,658
Derivative financial instruments	**3,657,279**	1,664,944
Unrealized gains/(losses)		
Financial assets at fair value through profit or loss	**(1,477,776)**	(4,188,346)
Financial liabilities at fair value through profit or loss	**(145,796)**	2,582,590
Derivative financial instruments	**273,509**	2,118,404
Others	**–**	1,928
Total	**9,120,378**	5,538,527

9. GAIN ON BUSINESS COMBINATION

On 4 November 2022, the Company acquired 8% interest in HuaAn Fund Management Co., Ltd. ("HuaAn Funds") from Shanghai Industrial Investment (Holdings) Co., Ltd. by paying a cash consideration of RMB1.063 billion. After the acquisition, the Company's shareholding percentage in HuaAn Funds is 51%.

Gain on business combination is calculated as:

	As at 4 November 2022
Fair value of the Company's previous interests in HuaAn Funds	5,443,800
Less: carrying amount of the Company's previous interests in HuaAn Funds	(3,972,515)
Gain on fair value revaluation	1,471,285
Add: other comprehensive income relating to the Company's previous interest in HuaAn Funds	7,083
Gain on business combination	1,478,368

10. OTHER INCOME AND GAINS

	Year ended 31 December	
	2023	2022
Income from bulk commodity trading	**7,642,208**	7,724,816
Government grants [(1)]	**963,357**	699,376
Commission from tax withholding and remitting	**51,628**	45,446
Foreign exchange gains or losses	**(51,240)**	118,031
Losses on disposal of property and equipment	**(1,163)**	(977)
Others	**194,164**	164,861
Total	**8,798,954**	8,751,553

(1) The government grants were received unconditionally by the Company and its subsidiaries from the local government where they reside.

11. FEE AND COMMISSION EXPENSES

	Year ended 31 December	
	2023	2022
Securities brokerage and investment consulting business	**1,612,067**	1,928,925
Futures brokerage business	**1,810,409**	1,385,336
Underwriting and sponsorship business	**152,272**	145,164
Others	**106,415**	72,613
Total	**3,681,163**	3,532,038

12. INTEREST EXPENSES

	Year ended 31 December	
	2023	2022
Bonds payable	**4,466,022**	4,679,796
Financial assets sold under repurchase agreements	**4,426,305**	3,215,708
Accounts payable to brokerage customers	**1,100,604**	1,089,252
Placements from other financial institutions	**968,664**	558,487
Loans and borrowings	**857,144**	166,783
Short-term debt instruments	**694,533**	718,959
Securities lending	**168,045**	193,923
Lease liabilities	**64,843**	69,217
Gold leasing	**63,849**	67,859
Others	**22,960**	62,115
Total	**12,832,969**	10,822,099

13. STAFF COSTS

	Year ended 31 December	
	2023	2022
Salaries, bonuses and allowances	**7,775,372**	7,541,913
Contributions to defined contribution schemes	**1,113,910**	1,004,161
Other social welfare	**879,436**	714,849
Equity-settled share-based payment expenses	**142,160**	276,216
Total	**9,910,878**	9,537,139

The amount for 2022 includes 2-month of HuaAn Funds staff cost since it became a subsidiary of the Group in November 2022. The amount for 2023 includes the full year amount of HuaAn Funds.

The employees of the Group in Mainland China participate in state-managed retirement benefit schemes operated by the respective local governments in Mainland China.

The Group also operates a defined contribution Mandatory Provident Fund retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance for all of its qualified employees in Hong Kong.

Apart from participating in various defined contribution retirement benefit schemes organized by municipal and provincial governments in Mainland China, the Group is also required to make monthly contributions to annuity plans for the period.

The Group currently has no additional significant cost for the payment of retirement and other post-retirement benefits of employees other than the monthly contributions described above. The Group's contributions to these pension plans are charged to profit or loss in the period to which they relate.

14. DEPRECIATION AND AMORTIZATION EXPENSES

	Year ended 31 December	
	2023	2022
Depreciation of right-of-use assets	**682,941**	609,290
Depreciation of property and equipment	**539,890**	449,456
Amortization of other intangible assets	**247,738**	206,156
Depreciation of investment property	**26,909**	21,783
Amortization of long-term deferred expenses	**16,974**	18,513
Total	**1,514,452**	1,305,198

15. OTHER OPERATING EXPENSES AND COSTS

	Year ended 31 December	
	2023	2022
Cost of bulk commodity trading	**7,716,609**	7,752,348
Products distribution expenses	**956,697**	121,213
Consulting fees	**380,188**	289,184
Software-related expenses	**380,158**	279,282
Marketing and advertising expenses	**327,771**	170,412
Electronic device operating expenditure	**308,492**	228,503
Business travel expenses	**299,844**	129,012
Stock exchange management fees	**293,742**	296,217
Administrative operating expenses	**250,994**	264,605
Auditors' remuneration	**14,322**	14,084
Others	**1,186,852**	1,183,721
Total	**12,115,669**	10,728,581

16. ACCRUAL/(REVERSAL) OF CREDIT LOSS EXPENSES

	Year ended 31 December	
	2023	2022
Debt instruments at fair value through other comprehensive income	**127,660**	18,121
Accounts receivable	**70,706**	6,507
Margin accounts receivable	**53,582**	(408,660)
Financial assets held under resale agreements	**20,590**	(227,732)
Other non-current assets	**(7,069)**	51,179
Others	**(3,510)**	(3,941)
Other current assets	**559**	99,951
Total	**262,518**	(464,575)

17. INCOME TAX EXPENSE

	Year ended 31 December	
	2023	2022 *(Restated)*
Current tax		
Mainland China	**2,559,647**	2,662,930
Hong Kong	**61,633**	50,703
Adjustments in respect of prior years		
Mainland China	**(55,164)**	2,660
Hong Kong	**(6,571)**	3,781
Deferred tax	**(297,064)**	(202,906)
Total tax charges for the year	**2,262,481**	2,517,168

According to the PRC Corporate Income Tax ("CIT") Law that took effect on 1 January 2008, the Company and the Company's subsidiaries in Mainland China are subject to CIT at the statutory tax rate of 25%.

For the Company's subsidiaries in Hong Kong, Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for the year.

A reconciliation of the tax expense applicable to profit before income tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries is domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December	
	2023	2022 *(Restated)*
Profit before income tax	**12,147,898**	14,139,971
Tax at the PRC statutory tax rate of 25%	**3,036,975**	3,534,993
Effect of different tax rates of subsidiaries	**(56,052)**	(21,586)
Adjustments in respect of current tax and deferred tax of prior years	**(61,735)**	6,441
Non-taxable income	**(789,418)**	(980,038)
Profits and losses attributable to joint ventures and associates	**(23,402)**	(107,466)
Non-deductible expenses	**265,517**	174,764
Utilization of tax losses and deductible temporary differences previously not recognized	**(5,271)**	(925)
Tax losses and deductible temporary differences not recognized	**41,367**	11,610
Deductible distribution of other equity instrument	**(145,500)**	(100,625)
Total tax charges for the year	**2,262,481**	2,517,168

18. DIRECTORS' AND SUPERVISORS' REMUNERATION

The remuneration of directors and supervisors paid by the Group who held office for the years ended 31 December 2023 and 2022 is as follows:

	Year ended 31 December 2023					
Name	Fees	Salaries, allowances and benefits	Pension scheme contributions and other social welfare	Discretionary bonuses[13]	Restricted share incentive scheme	Total remuneration
Executive Directors						
Zhu Jian[1]	–	–	–	–	–	–
Li Junjie[2]	–	846	366	668	1,470	3,350
Yu Jian	–	1,640	501	1,650	994	4,785
He Qing[3]	–	785	335	74	–	1,194
Wang Song[4]	–	958	368	680	1,207	3,213
Non-Executive Directors						
Liu Xinyi[12]	–	–	–	–	–	–
Guan Wei[12]	–	–	–	–	–	–
Zhong Maojun[12]	–	–	–	–	–	–
Chen Hua[12]	–	–	–	–	–	–
Sun Minghui[1][12]	–	–	–	–	–	–
Zhang Manhua[5][12]	–	–	–	–	–	–
Zhang Yipeng[12]	–	–	–	–	–	–
An Hongjun[12]	–	–	–	–	–	–
Wang Wenjie[6][12]	–	–	–	–	–	–
Zhang Zhan[7]	138	–	–	–	–	138
Independent Non-executive Directors						
Ding Wei	250	–	–	–	–	250
Li Renjie	250	–	–	–	–	250
Bai Wei	250	–	–	–	–	250
Wang Guogang[10]	146	–	–	–	–	146
Yim, Chi Hung Henry[10]	146	–	–	–	–	146
Pu Yonghao[11]	21	–	–	–	–	21
Xia Dawei[8]	104	–	–	–	–	104
Lee Conway Kong Wai[9]	229	–	–	–	–	229
Chai Hongfeng[8][12]	–	–	–	–	–	–
Supervisors						
Wu Hongwei	–	771	365	64	–	1,200
Zhou Zhaohui	150	–	–	–	–	150
Shen Yun	150	–	–	–	–	150
Zuo Zhipeng	150	–	–	–	–	150
Shao Liangming	–	909	432	1,456	–	2,797
Xie Min	–	322	266	300	–	888
	1,984	6,231	2,633	4,892	3,671	19,411

18. DIRECTORS' AND SUPERVISORS' REMUNERATION *(continued)*

(1) Appointed on 29 December 2023.

(2) Appointed on 23 January 2024 as the President; appointed on 20 March 2024 as the Director.

(3) Resigned on 28 November 2023.

(4) Resigned on 23 January 2024.

(5) Appointed on 20 March 2024.

(6) Resigned on 4 January 2024.

(7) Resigned on 6 December 2023.

(8) Resigned on 29 May 2023.

(9) Resigned on 30 November 2023.

(10) Appointed on 29 May 2023.

(11) Appointed on 30 November 2023.

(12) Except for these directors or supervisors, none of the directors or supervisors waived any remuneration during the year.

(13) The deferred pre-tax amount of directors and supervisors for previous year in 2023: RMB348,100 for Li Junjie, RMB1,494,200 for Yu Jian, RMB102,200 for He Qing, RMB192,800 for Wang Song, RMB468,300 for Wu Hongwei, RMB75,400 for Shao Liangming.

18. DIRECTORS' AND SUPERVISORS' REMUNERATION *(continued)*

	Year ended 31 December 2022					
Name	Fees	Salaries, allowances and benefits	Pension scheme contributions and other social welfare	Discretionary bonuses[4]	Restricted share incentive scheme	Total remuneration
Executive Directors						
He Qing	–	913	393	1,004	–	2,310
Wang Song	–	1,000	395	297	2,379	4,071
Yu Jian	–	1,604	555	1,922	1,960	6,041
Non-Executive Directors						
Liu Xinyi[1]	–	–	–	–	–	–
Guan Wei[1]	–	–	–	–	–	–
Zhong Maojun[1]	–	–	–	–	–	–
Chen Hua[1]	–	–	–	–	–	–
Wang Wenjie[1]	–	–	–	–	–	–
Zhang Zhan	150	–	–	–	–	150
Zhang Yipeng[1]	–	–	–	–	–	–
An Hongjun[1]	–	–	–	–	–	–
Independent Non-executive Directors						
Xia Dawei[2]	250	–	–	–	–	250
Ding Wei	250	–	–	–	–	250
Li Renjie	250	–	–	–	–	250
Bai Wei	250	–	–	–	–	250
LEE Conway Kong Wai	250	–	–	–	–	250
Chai Hongfeng[1]	–	–	–	–	–	–
Supervisors						
Wu Hongwei	–	800	393	–	–	1,193
Zhou Zhaohui	150	–	–	–	–	150
Shen Yun	150	–	–	–	–	150
Zuo Zhipeng	150	–	–	–	–	150
Shao Liangming	–	843	445	2,195	–	3,483
Xie Min	–	325	274	455	–	1,054
Li Zhongning[3]	–	652	262	679	–	1,593
	1,850	6,137	2,717	6,552	4,339	21,595

18. DIRECTORS' AND SUPERVISORS' REMUNERATION *(continued)*

(1) Except for these directors, none of the directors or supervisors waived any remuneration during the year.

(2) Ceased to serve as an independent Director of the Company due to the expiration of the term of office for six consecutive years. To be compliant with the relevant requirements, Mr. Xia Dawei continues to perform his duties as an independent Director until a new independent Director is appointed.

(3) Resigned on 25 July 2022.

(4) The deferred pre-tax amount of directors and supervisors for previous year in 2022: RMB188,200 for Wang Song, RMB1,424,200 for Yu Jian.

19. FIVE HIGHEST PAID EMPLOYEES

Among the five highest paid employees, there were neither directors nor supervisors for the years ended 31 December 2023 and 2022. Details of the remuneration of the five highest paid employees are as follows:

	Year ended 31 December	
	2023	2022
Salaries, allowances and benefits	**12,803**	11,372
Pension scheme contributions and other social welfare	**4,606**	1,660
Discretionary bonuses	**64,814**	47,576
Share-based payments	**–**	74
Total	**82,223**	60,682

The number of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December	
	2023	2022
HKD10,000,001 to HKD13,000,000	**–**	3
HKD13,000,001 to HKD16,000,000	**–**	1
HKD16,000,001 to HKD19,000,000	**3**	1
HKD19,000,001 to HKD22,000,000	**2**	–
Total	**5**	5

20. DIVIDENDS

	Year ended 31 December	
	2023	2022
Proposed and paid dividends	**4,719,402**	6,056,537
Distribution to other equity instrument holders	**758,500**	402,500

Pursuant to the resolution of the meeting of shareholders held on 29 May 2023, the Company distributed cash dividends of RMB5.30 for every 10 shares (tax included) amounting to RMB4,719 million in total for the year ended 31 December 2022.

Pursuant to the resolution of the meeting of shareholders held on 31 May 2022, the Company distributed cash dividends of RMB6.80 for every 10 shares (tax included) amounting to RMB6,057 million in total for the year ended 31 December 2021.

The dividend distributions by the Company triggered the mandatory interest payment event for perpetual subordinated bonds. The Company recognized dividend payable to other equity instrument holders of RMB759 million and RMB403 million during the year ended 31 December 2023 and 2022 respectively.

Pursuant to the resolution of the 12th meeting of the 6th term of the Board held on 28 March 2024, the Board has proposed the annual profit distribution plan for the year ended 31 December 2023 as follows: after appropriating 10% of profit after tax each for general risk reserve and transaction risk reserve, respectively, based on the total share capital of the Company on the record date of dividend distribution, the Company shall distribute cash dividends of RMB4.00 for every 10 shares (tax included). Based on the total share capital of the Company, being 8,904,610,816 shares on 31 December 2023, RMB3,562 million of dividends would be distributed. The profit distribution plan for the year ended 31 December 2023 is subject to shareholders' approval in the upcoming shareholders' meeting.

21. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year. The newly issued shares are calculated in accordance with the conditions stated in the issuance agreement, starting from the consideration receivable date (usually the issuance date).

The numerator of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, adjusted to reflect (a) the interest of dilutive potential ordinary shares recognized in profit or loss, where applicable, (b) the income or expenses from the conversion of dilutive potential ordinary shares into ordinary shares, (c) dividend paid to shareholders under the restricted share incentive scheme of A shares, and (d) the tax impact of the above adjustments.

The denominator of the diluted earnings per share amount is the total number of (a) the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, (b) the weighted average number of ordinary shares assumed to have been issued at consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares, and (c) dilutive effect arising from the implementation of the restricted share incentive scheme.

When calculating the weighted average number of ordinary shares assumed to have been issued at consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares, dilutive potential ordinary shares issued in prior years are assumed to be converted at the beginning of the year and those shares under the restricted share incentive scheme issued in the year are assumed to be converted at the issuance date.

When calculating the dilutive effect of the restricted share incentive scheme, the Company assumes that the balance sheet date is the unlocking date and determines whether the actual performance on the balance sheet date meets the performance conditions of unlocking requirements, and calculates the dilutive effect based on the judgment results.

21. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(continued)*

The calculations of basic and diluted earnings per share attributable to ordinary equity holders of the Company are as follows:

	Year ended 31 December	
	2023	2022 *(Restated)*
Earnings		
Profit attributable to equity holders of the Company	**9,374,143**	11,508,784
Less: Profit attributable to other equity holders of the Company [(1)]	**680,163**	487,086
Less: Cash dividend paid to shareholders under the restricted share incentive scheme of A shares	**31,887**	40,912
Profit attributable to ordinary equity holders of the Company	**8,662,093**	10,980,786
Add: Interest expense on convertible bonds, net of tax	**130,006**	306,785
Add: Cash dividend paid to shareholders under the restricted share incentive scheme of A shares	**–**	40,912
Adjusted profit attributable to ordinary equity holders of the Company	**8,792,099**	11,328,483
Shares (in thousand)		
Weighted average number of ordinary shares in issue during the year	**8,844,395**	8,819,450
Add: Weighted average number of ordinary shares assuming conversion of all dilutive shares	**202,913**	378,872
Add: Dilutive effect of the restricted share incentive scheme	**–**	27,710
Adjusted weighted average number of ordinary shares in issue during the year	**9,047,308**	9,226,032
Earnings per share attributable to ordinary equity holders of the Company (RMB per share)		
– Basic	**0.98**	1.25
– Diluted	**0.97**	1.23

(1) For the purpose of calculating basic earnings per ordinary share in respect of the year ended 31 December 2023, RMB680 million (2022: RMB487 million) attributable to perpetual subordinated bonds were deducted from profits attributable to equity holders of the Company.

22. PROPERTY AND EQUIPMENT

	Buildings	Leasehold improvements	Machinery	Electronic equipment	Communication equipment	Motor vehicles	CIP	Others	Total
Cost									
As at 1 January 2023	3,175,071	679,181	49,405	2,061,116	20,505	142,924	189,909	165,967	6,484,078
Additions	-	122,463	430	319,110	716	11,012	318,886	9,937	782,554
Transfers during the year	1,122,432	58,972	-	70,019	-	-	(317,259)	409	934,573
Disposals	(106)	(73,034)	(3,039)	(133,299)	(1,927)	(9,747)	-	(6,802)	(227,954)
Exchange adjustments	6,937	-	-	2,610	-	563	-	587	10,697
As at 31 December 2023	4,304,334	787,582	46,796	2,319,556	19,294	144,752	191,536	170,098	7,983,948
Accumulated depreciation									
As at 1 January 2023	(1,076,033)	(523,783)	(8,124)	(1,367,468)	(15,066)	(113,441)	-	(111,052)	(3,214,967)
Depreciation charge	(118,400)	(95,063)	(7,622)	(296,570)	(1,746)	(9,037)	-	(11,452)	(539,890)
Disposals	89	67,386	2,622	127,308	1,845	9,152	-	5,519	213,921
Exchange adjustments	(2,864)	-	-	(2,288)	-	(113)	-	(115)	(5,380)
As at 31 December 2023	(1,197,208)	(551,460)	(13,124)	(1,539,018)	(14,967)	(113,439)	-	(117,100)	(3,546,316)
Impairment									
As at 1 January 2023 and 31 December 2023	(92,253)	-	-	-	-	-	-	-	(92,253)
Net carrying amount									
As at 31 December 2023	3,014,873	236,122	33,672	780,538	4,327	31,313	191,536	52,998	4,345,379

22. PROPERTY AND EQUIPMENT *(continued)*

	Buildings	Leasehold improvements	Machinery	Electronic equipment	Communication equipment	Motor vehicles	CIP	Others	Total
Cost									
As at 1 January 2022	2,781,776	686,724	50,323	1,801,551	19,546	139,321	219,683	167,980	5,866,904
Additions	3,079	33,203	734	243,990	1,176	8,606	182,084	3,499	476,371
Transfers during the year	–	7,078	195	20,952	–	–	(221,376)	107	(193,044)
Business combination	343,224	–	–	17,783	–	1,405	9,518	1,284	373,214
Disposals	–	(47,824)	(1,847)	(36,115)	(217)	(6,752)	–	(7,385)	(100,140)
Exchange adjustments	46,992	–	–	12,955	–	344	–	482	60,773
As at 31 December 2022	3,175,071	679,181	49,405	2,061,116	20,505	142,924	189,909	165,967	6,484,078
Accumulated depreciation									
As at 1 January 2022	(980,316)	(491,114)	(2,026)	(1,133,018)	(13,230)	(110,506)	–	(103,655)	(2,833,865)
Depreciation charge	(74,458)	(79,138)	(7,741)	(262,706)	(2,044)	(9,262)	–	(14,107)	(449,456)
Disposals	–	46,469	1,643	34,106	208	6,483	–	6,962	95,871
Exchange adjustments	(21,259)	–	–	(5,850)	–	(156)	–	(252)	(27,517)
As at 31 December 2022	(1,076,033)	(523,783)	(8,124)	(1,367,468)	(15,066)	(113,441)	–	(111,052)	(3,214,967)
Impairment									
As at 1 January 2022 and 31 December 2022	(92,253)	–	–	–	–	–	–	–	(92,253)
Net carrying amount									
As at 31 December 2022	2,006,785	155,398	41,281	693,648	5,439	29,483	189,909	54,915	3,176,858

As at 31 December 2023, the Group has not yet obtained the relevant building certificates for buildings with costs of RMB78,415 thousand.

23. INVESTMENT PROPERTY

	Properties and Buildings
Cost	
As at 31 December 2022 and 31 December 2023	1,152,129
Accumulated depreciation	
As at 31 December 2022	(57,966)
Charge for the year	(26,909)
As at 31 December 2023	**(84,875)**
Impairment	
As at 31 December 2022 and 31 December 2023	–
Net carrying amount	
As at 31 December 2023	**1,067,254**
As at 31 December 2022	1,094,163

24. LEASES

(a) Right-of-use assets

	Buildings	Prepaid land lease payments	Total
Cost			
As at 1 January 2022	2,661,301	875,925	3,537,226
Increases	465,485	–	465,485
Business combination	43,248	–	43,248
Decreases	(315,730)	–	(315,730)
Exchange adjustments	7,551	–	7,551
As at 31 December 2022	2,861,855	875,925	3,737,780
Increases	630,322	–	630,322
Decreases	(387,778)	–	(387,778)
Exchange adjustments	(237)	–	(237)
As at 31 December 2023	**3,104,162**	**875,925**	**3,980,087**
Accumulated depreciation			
As at 1 January 2022	(902,420)	(147,842)	(1,050,262)
Depreciation charge	(590,214)	(19,076)	(609,290)
Decreases	312,279	–	312,279
Exchange adjustments	(2,428)	–	(2,428)
As at 31 December 2022	(1,182,783)	(166,918)	(1,349,701)
Depreciation charge	(663,865)	(19,076)	(682,941)
Decreases	357,298	–	357,298
Exchange adjustments	6,645	–	6,645
As at 31 December 2023	**(1,482,705)**	**(185,994)**	**(1,668,699)**
Impairment			
As at 1 January 2022, 31 December 2022 and 31 December 2023	–	–	–
Net carrying amount			
As at 31 December 2023	**1,621,457**	**689,931**	**2,311,388**
As at 31 December 2022	1,679,072	709,007	2,388,079

24. LEASES *(continued)*

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	Year ended 31 December	
	2023	2022
Carrying amount at 1 January	**1,885,175**	1,940,108
New leases	**619,266**	460,221
Accretion of interest recognized during the year	**64,843**	69,217
Business combination	**–**	44,997
Modification of leases	**(8,838)**	4,709
Payments	**(731,095)**	(634,077)
Carrying amount at 31 December	**1,829,351**	1,885,175
Analyzed into:		
Current portion	**615,271**	571,474
Non-current portion	**1,214,080**	1,313,701

As at 31 December 2023, the maturity analysis of lease liabilities is as follows:

	As at 31 December	
	2023	2022
Within 1 year (inclusive)	**615,271**	571,474
1 to 5 years (inclusive)	**1,164,489**	1,261,951
After 5 years	**49,591**	51,750
Total	**1,829,351**	1,885,175

24. LEASES *(continued)*

(c) The amounts recognized in profit or loss in relation to leases are as follows:

	Year ended 31 December	
	2023	2022
Interest expense on lease liabilities	**64,843**	69,217
Depreciation charge of right-of-use assets	**682,941**	609,290
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2023 (included in other operating expenses and costs)	**32,126**	23,009
Expense relating to leases of low-value assets (included in other operating expenses and costs)	**10,526**	8,602
Total amount recognized in profit or loss	**790,436**	710,118

(d) Extension and termination options

The Group has some lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and they are aligned with the Group's business needs. These options will not have a significant impact on the Group's financial statements.

25. GOODWILL

(1) Change in goodwill

Cost	
As at 1 January 2023 and 31 December 2023	4,070,761
Impairment losses	
As at 1 January 2023 and 31 December 2023	–
Carrying amounts	
As at 1 January 2023 and 31 December 2023	4,070,761

25. GOODWILL *(continued)*

(2) Impairment testing on goodwill

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").

	As at 31 December	
	2023	2022
HuaAn Funds [(a)]	**4,049,865**	4,049,865
Guotai Junan Securities (Vietnam) Corporation [(b)]	**18,405**	18,405
Guotai Junan Futures Co., Ltd. [(b)]	**2,491**	2,491
Total	**4,070,761**	4,070,761

(a) On 4 November 2022, the Company acquired 8% of the shares in HuaAn Funds. As a result, the Company's equity interests in HuaAn Funds increased from 43% to 51%, granting it control of HuaAn Funds. The goodwill was resulted from HuaAn Funds' business value as a whole, therefore, the Group regarded HuaAn Funds as one CGU.

On 31 December 2023 and 2022, when performing the goodwill impairment test for HuaAn Funds, the recoverable amount of the CGU was determined as its VIU. The Group calculated the CGU's VIU through a discounted cash flow model based on approved business plans and discount rates that reflect specific risks of the relevant CGU. The cash flow after the forecast period is extrapolated according to a stable growth rate and a terminal value. The forecast growth period is 5 years. No impairment losses for the CGU were identified nor recognized.

The main parameters the Group applied when performing goodwill impairment tests of the above CGU were as follows:

	31 December 2023	31 December 2022
Income growth rate in forecast growth period	**2.76%~18.22%**	3.15% ~ 18.20%
Profit margin in forecast growth period	**33.49%~37.69%**	35.75% ~ 37.66%
Terminal value growth rate	**0%**	0%
Pre-tax discount rate	**12.50%**	14.13%

(b) GJIHL acquired 50.97% equity interests in Guotai Junan Securities (Vietnam) Corporation (former "Vietnam Investment Securities Company") from a third party in December 2019. The Group recognized the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the cash-generating unit of Guotai Junan Securities (Vietnam) Corporation.

The Company acquired 100% of the equity interests in Guotai Junan Futures Co., Ltd. from a third party in July 2007. The Group recognized the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the CGU of Guotai Junan Futures Co., Ltd.

On 31 December 2023, the estimated recoverable amount of the CGUs of Guotai Junan Futures Co., Ltd. and Guotai Junan Securities (Vietnam) Corporation exceeded their carrying amount therefore no impairment loss was recognized. The key assumptions include comparable quoted prices, budgeted revenue growth rates and discount rates, which represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts of the CGUs to exceed their recoverable amounts.

26. OTHER INTANGIBLE ASSETS

	Software	Trading seats rights	Others	Total
Cost				
As at 1 January 2023	**1,643,298**	**206,131**	**14,277**	**1,863,706**
Additions	**354,139**	**–**	**–**	**354,139**
Disposal	**(155)**	**–**	**–**	**(155)**
Exchange adjustments	**–**	**158**	**8**	**166**
As at 31 December 2023	**1,997,282**	**206,289**	**14,285**	**2,217,856**
Accumulated amortization				
As at 1 January 2023	**(985,426)**	**(126,405)**	**(2,674)**	**(1,114,505)**
Amortization	**(246,610)**	**–**	**(1,128)**	**(247,738)**
Disposal	**151**	**–**	**–**	**151**
Exchange adjustments	**–**	**(119)**	**(8)**	**(127)**
As at 31 December 2023	**(1,231,885)**	**(126,524)**	**(3,810)**	**(1,362,219)**
Impairment				
As at 1 January 2023 and 31 December 2023	**–**	**(4,927)**	**(10,475)**	**(15,402)**
Net carrying amount				
As at 31 December 2023	**765,397**	**74,838**	**–**	**840,235**

	Software	Trading seats rights	Others	Total
Cost				
As at 1 January 2022	1,366,510	205,775	14,263	1,586,548
Additions	270,178	–	–	270,178
Business combination	6,666	–	–	6,666
Disposal	(56)	–	–	(56)
Exchange adjustments	–	356	14	370
As at 31 December 2022	1,643,298	206,131	14,277	1,863,706
Accumulated amortization				
As at 1 January 2022	(779,825)	(126,259)	(2,172)	(908,256)
Amortization	(205,657)	–	(499)	(206,156)
Disposal	56	–	–	56
Exchange adjustments	–	(146)	(3)	(149)
As at 31 December 2022	(985,426)	(126,405)	(2,674)	(1,114,505)
Impairment				
As at 1 January 2022 and 31 December 2022	–	(4,927)	(10,475)	(15,402)
Net carrying amount				
As at 31 December 2022	657,872	74,799	1,128	733,799

27. INVESTMENTS IN SUBSIDIARIES

	As at 31 December	
	2023	2022
Unlisted shares, carried at cost	**27,448,144**	26,965,388
Less: Impairment losses	**–**	–
Total	**27,448,144**	26,965,388

(a) Details of the subsidiaries held by the Company

The following list contains particulars of the subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of registration or primary business	Registered capital	Principal activities	Equity interests held as at 31 December	
				2023	2022
Guotai Junan Innovation Investment Co., Ltd. [1] [3]	Shanghai PRC	RMB7,500,000,000	Equity investment and investment consulting	**100%**	100%
Shanghai Guotai Junan Securities Asset Management Co., Ltd. ("GTJA Asset Management") [1] [3]	Shanghai PRC	RMB2,000,000,000	Securities asset management and fund management	**100%**	100%
Guotai Junan Zhengyu Investment Co., Ltd. [1] [3]	Shanghai PRC	RMB4,500,000,000	Equity investment and financial products investment	**100%**	100%
Shanghai Guoxiang Real Estate Co., Ltd. [1] [3]	Shanghai PRC	RMB1,050,000,000	Real estate and property management	**100%**	100%
Guotai Junan Financial Holdings Limited [1]	HK PRC	HKD2,611,980,000	Investment service	**100%**	100%

27. INVESTMENTS IN SUBSIDIARIES *(continued)*

(a) Details of the subsidiaries held by the Company *(continued)*

Name of company	Place of registration or primary business	Registered capital	Principal activities	Equity interests held as at 31 December 2023	2022
Guotai Junan Risk Management Co., Ltd. (3)	Shanghai PRC	RMB1,200,000,000	Warehouse service, cooperation hedge, investment management and corporate management consulting	**100%**	100%
Shanghai Gelong Entrepreneurship Investment Co., Ltd. (3)	Shanghai PRC	RMB100,000,000	Venture capital investment and management	**100%**	100%
Shanghai GTJA Juntong Investment Management Co., Ltd. (3)	Shanghai PRC	RMB20,000,000	Investment management, industrial investment and Investment consulting	**100%**	100%
Guotai Junan Futures Co., Ltd. (1)(3)	Shanghai PRC	RMB5,000,000,000	Futures brokerage and futures investment consulting	**100%**	100%
Guotai Junan Capital Management Co., Ltd. (3)	Shanghai PRC	RMB1,233,563,200	Asset management, equity investment and fund management	**99%**	99%
GTJA Yuancheng (Shanghai) Private Fund Management Co., Ltd. (3)	Shanghai PRC	RMB730,025,345	Investment management, industrial investment and investment consulting	**99%**	99%
Shanghai GTJA Haojing Investment Management Co., Ltd. (3)	Shanghai PRC	RMB10,000,000	Investment management, industrial investment and investment consulting	**100%**	100%
Guotai Junan Futures (Singapore) Pte. Ltd.	Singapore	SGD20,000,000	Commodity futures and foreign exchange brokers and dealers	**100%**	100%

27. INVESTMENTS IN SUBSIDIARIES *(continued)*

(a) Details of the subsidiaries held by the Company *(continued)*

Name of company	Place of registration or primary business	Registered capital	Principal activities	Equity interests held as at 31 December	
				2023	2022
HuaAn Funds [(1)(3)]	Shanghai PRC	RMB150,000,000	Fund establishment and fund management	**51%**	51%
HuaAn Asset Management (Hong Kong) Limited	HK PRC	HKD100,000,000	Financial services	**51%**	51%
HuaAn Future Asset Management (Shanghai) Limited [(3)]	Shanghai PRC	RMB500,000,000	Asset management for specific clients	**51%**	51%
Guotai Junan Investments (Hong Kong) Limited	HK PRC	HKD1,533,500,000	Investment	**100%**	100%
Guotai Junan Consultancy Services (Shenzhen) Limited [(3)]	Shenzhen PRC	HKD12,000,000	Investment consulting, marketing planning and corporate management consulting	**100%**	100%
Guotai Junan Holdings Limited	British Virgin Is.	USD1	Debt financing	**100%**	100%
GJIHL	HK PRC	HKD10,902,194,720	Investment and financing	**73.74%**	73.74%
Guotai Junan (Hong Kong) Limited	Samoa	USD816,300,000	Investment and administrative management	**73.74%**	73.74%
Guotai Junan Fund Management Limited [(2)]	HK PRC	HKD10,000,000	Fund management and securities trading	**36.87%**	36.87%
Guotai Junan Securities (Hong Kong) Limited	HK PRC	HKD7,500,000,000	Securities brokerage	**73.74%**	73.74%
Guotai Junan Finance (Hong Kong) Limited	HK PRC	HKD300,000,000	Investment and financing	**73.74%**	73.74%
Guotai Junan Futures (Hong Kong) Limited	HK PRC	HKD50,000,000	Futures brokerage	**73.74%**	73.74%
Guotai Junan Capital Limited	HK PRC	HKD50,000,000	Investment consulting	**73.74%**	73.74%
Guotai Junan Asset Management (Asia) Limited	HK PRC	HKD50,000,000	Fund management	**73.74%**	73.74%

27. INVESTMENTS IN SUBSIDIARIES *(continued)*

(a) Details of the subsidiaries held by the Company *(continued)*

Name of company	Place of registration or primary business	Registered capital	Principal activities	Equity interests held as at 31 December 2023	2022
Guotai Junan FX Limited	HK PRC	HKD30,000,000	Foreign exchange dealing	**73.74%**	73.74%
Guotai Junan International (Singapore) Pte. Limited	Singapore	SGD9,300,000	Investment management	**73.74%**	73.74%
Guotai Junan International Asset Management (Singapore) Pte. Limited	Singapore	SGD21,700,000	Asset management	**73.74%**	73.74%
Guotai Junan Financial Products Limited	HK PRC	HKD1,000,000	Investment and securities trading	**73.74%**	73.74%
Guotai Junan International Securities (Singapore) Pte. Limited	Singapore	SGD34,130,000	Securities brokerage	**73.74%**	73.74%
Guotai Junan Global Limited	British Virgin Is.	USD5,000,000	Investment management	**100%**	100%
Guotai Junan Securities USA Holding, Inc.	USA	USD5,000,000	Investment management	**100%**	100%

27. INVESTMENTS IN SUBSIDIARIES *(continued)*

(a) Details of the subsidiaries held by the Company *(continued)*

Name of company	Place of registration or primary business	Registered capital	Principal activities	Equity interests held as at 31 December 2023	2022
Guotai Junan Securities USA, Inc.	USA	USD5,000,000	M&A consulting services	**100%**	100%
Guotai Junan Securities (Vietnam) Corporation [(4)]	Vietnam	VND693.5 billion	Securities brokerage	**37.59%**	37.59%
Guotai Junan Securities Macau Holding, Inc.	Macau PRC	MOP100,000,000	Securities trading, wealth management and financing services generated by investment financial instruments	**73.74%**	–
Guotai Junan Securities (UK) Limited	UK	GBP7,846,000	Investment	**100%**	–

(1) These subsidiaries are directly held by the Company.

(2) GJIHL, a subsidiary controlled by the Company through its voting rights of 73.74%, who considers that it has the ability to govern the financial and operating policies of Guotai Junan Fund Management Limited as it has the power to appoint or remove the majority of the members of the board of directors of Guotai Junan Fund Management Limited. As a result, Guotai Junan Fund Management Limited is accounted for as a subsidiary of the Company.

(3) All of the subsidiaries established in the PRC are registered as companies with limited liability under PRC law.

(4) GJIHL, a subsidiary controlled by the Company through its voting rights of 73.74%, controls Guotai Junan Securities (Vietnam) Corporation by holding 50.97% of its equity interests. As a result, Guotai Junan Securities (Vietnam) Corporation is accounted for as a subsidiary of the Company.

27. INVESTMENTS IN SUBSIDIARIES *(continued)*

(b) Partially-owned subsidiaries with material non-controlling interests

The following table lists the information related to the major subsidiaries of the Group which have material non-controlling interests ("NCI"), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The information is before inter-company eliminations with other companies in the Group.

HuaAn Funds	**As at 31 December**	
	2023	2022 (Unaudited)
NCI percentage	**49%**	49%
Current assets	**3,670,842**	3,119,630
Non-current assets	**4,053,069**	3,887,381
Current liabilities	**1,945,473**	1,918,174
Non-current liabilities	**290,148**	87,374
Net assets	**5,488,290**	5,001,463
Carrying amount of NCI	**2,689,262**	2,450,702

	Year ended 31 December 2023	Period from 4 November 2022 to 31 December 2022 (Unaudited)
Total revenue and other income	**3,442,464**	593,176
Total expenses and income tax expense	**2,507,559**	406,261
Profit for the year/period	**934,905**	186,915
Total comprehensive income	**936,522**	184,502
Profit attributable to NCI	**458,103**	91,588
Other comprehensive income attributable to NCI	**792**	(1,182)
Distribution to NCI	**220,500**	–
Cash flows generated from operating activities	**5,439**	79,114
Cash flows used in investing activities	**(7,579)**	(69,751)
Cash flows used in financing activities	**(80,303)**	(8,437)

27. INVESTMENTS IN SUBSIDIARIES *(continued)*

(b) Partially-owned subsidiaries with material non-controlling interests *(continued)*

GJIHL	**As at 31 December**	
	2023	2022
NCI percentage	**26.26%**	26.26%
Current assets	**81,389,795**	69,382,810
Non-current assets	**16,060,711**	14,991,085
Current liabilities	**70,618,569**	59,395,621
Non-current liabilities	**13,273,075**	11,636,218
Net assets	**13,558,862**	13,342,056
Carrying amount of NCI	**3,681,876**	3,640,012

	Year ended 31 December	
	2023	2022
Total revenue and other income	**2,908,667**	1,992,961
Total expenses and income tax expense	**2,723,072**	1,921,602
Profit for the year	**185,595**	71,359
Total comprehensive income	**203,403**	29,085
Profit attributable to NCI	**51,959**	21,001
Other comprehensive income attributable to NCI	**49,166**	301,579
Distribution to NCI	**53,227**	110,448
Cash flows (used in)/generated from operating activities	**(4,418,138)**	1,866,885
Cash flows used in investing activities	**(29,419)**	(33,768)
Cash flows generated from financing activities	**4,128,125**	251,396

28. INTERESTS IN STRUCTURED ENTITIES

(a) Interests in consolidated structured entities

The Group has consolidated certain structured entities, including investment funds, asset management plans and limited partnerships etc. For those structured entities where the Group is involved as a manager, investment adviser or general partner, the Group assesses whether the combination of investments it held together with its remuneration creates an exposure to variability of returns from the activities of those structured entities that is of such significance that indicates that the Group is a principal.

Interests held by other investors in these consolidated structured entities were classified as financial liabilities at fair value through profit or loss, other current liabilities and other non-current liabilities in the consolidated statement of financial position.

28. INTERESTS IN STRUCTURED ENTITIES *(continued)*

(b) Interests in unconsolidated structured entities

The Group exercised the power over the structured entities including investment funds, asset management plans and limited partnerships by acting as a manager or general partner during the year. Except for the structured entities the Group has consolidated as stated in Note 28(a), in management's opinion, the Group's exposure to variable returns of these structured entities that the Group has interests in are not significant. The Group therefore did not consolidate these structured entities.

The Group classified the investments in unconsolidated investment funds, asset management plans, wealth management products and limited partnerships managed by the Group as financial assets at fair value through profit or loss and investments in associates and joint ventures. As at 31 December 2023 and 2022, the carrying amounts of the Group's interests in unconsolidated structured entities were RMB14,386 million and RMB13,929 million, respectively. The management fee arising from these unconsolidated structured entities in which the Group did not hold interest amounted to RMB2,135 million and RMB1,115 million for the years ended 31 December 2023 and 2022, respectively.

(c) Interests in structured entities sponsored by third party institutions

The types of structured entities that the Group does not consolidate but in which it holds interests include investment funds, limited partnerships, asset management plans, and wealth management products issued by banks or other financial institutions. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These vehicles are financed through the issue of units to investors.

The carrying amount of the related accounts in the consolidated statements of financial position is equal to the maximum exposure to loss of interests held by the Group in the unconsolidated structured entities sponsored by third party institutions as at 31 December 2023 and 31 December 2022, which are listed as below:

	As at 31 December 2023		As at 31 December 2022	
	Carrying amount	**Maximum exposure**	Carrying amount	Maximum exposure
Financial assets at fair value through profit or loss	**131,435,913**	**131,435,913**	102,448,858	102,448,858

29. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	As at 31 December	
	2023	2022
Share of net assets		
– Associates	**7,556,250**	6,362,391
– Joint ventures	**5,234,512**	5,081,873
Total	**12,790,762**	11,444,264

At the end of each reporting period, the Group had the following associates:

Name of associates	Place of incorporation or primary business	Principal activities	Percentage of equity interests as at 31 December 2023	2022
Shenzhen GTJA Shenyi Phase I Investment Fund LLP	Shenzhen PRC	Investment management and advisory	**25%**	25%
Shanghai Kechuang Center Equity Investment Fund Management Co., Ltd. (1)	Shanghai PRC	Investment and equity investment management	**13%**	13%
Shenzhen United Property and Share Rights Exchange (1)	Shenzhen PRC	Provision of intermediary services and equity registration services for equity trading	**10%**	10%
Shanghai Jizhi Consulting & Management Co., Ltd. (1)	Shanghai PRC	Enterprise management consulting, lease of non-residential and residential real estate	**15%**	15%
Shanghai Urban Renewal Guidance Private Fund LLP (1)	Shanghai PRC	Investment management and equity investment	**0.01%**	0.01%

29. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

Name of associates	Place of incorporation or primary business	Principal activities	Percentage of equity interests as at 31 December	
			2023	2022
Shanghai Securities	Shanghai PRC	Securities brokerage, proprietary trading, underwriting and investment consulting	**24.99%**	24.99%
Shanghai Lingang GTJA Technology Frontier Industry Private Fund LLP	Shanghai PRC	Investment management, equity investment and asset management	**25%**	25%
Shanghai State-owned Capital Investment Master Fund Co., Ltd. (1)	Shanghai PRC	Equity investment, Investment management and Asset management	**5%**	–
Jinan Huijian Junan Zhizao Industrial Investment Fund LLP (1)	Jinan PRC	Investment management and equity investment	**10%**	–
Jinan Huijian Junan Green Industry Investment Fund LLP (1)	Jinan PRC	Investment management and equity investment	**10%**	–
Shanghai Pudong Leading Guotai Junan Kechuang No.1 Private Equity Fund LLP	Shanghai PRC	Investment management and equity investment	**29.27%**	–

(1) Although the Group's percentages of shareholdings in these investees are lower than 20%, they are accounted for as associates as the Group has significant influence over these investees due to the relevant arrangements stipulated in the articles of association or other agreements.

29. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

At the end of each reporting period, the Group had the following joint ventures:

Name of joint ventures	Place of incorporation or primary business	Principal activities	Percentage of equity interests as at 31 December	
			2023	2022
Xiamen Junxin Equity Investment Company LLP [2]	Xiamen PRC	Equity investment and advisory	**10%**	10%
Shanghai Guojun Chuangtou Longxu Investment Management Centre LLP	Shanghai PRC	Industrial investment and investment management	**25%**	25%
Shanghai Guojun Chuangtou Longsheng Investment Centre LLP	Shanghai PRC	Industrial investment and investment management	**20%**	20%
Shanghai Guojun Chuangtou Longzhao Investment Management Centre LLP [1]	Shanghai PRC	Industrial investment and investment management	**55%**	55%
Shanghai Junzheng Investment Management Co., Ltd. [1]	Shanghai PRC	Investment management and advisory	**61%**	61%
Shanghai Guojun Chuangtou Zhengjun No.2 Equity Investment LLP	Shanghai PRC	Investment management and advisory	**25%**	25%
Juntong Phase II Fund	Shanghai PRC	Investment management and advisory	**50%**	50%
Shanghai North Industries GTJA Investment Centre LLP [2]	Shanghai PRC	Investment management and advisory	**16%**	16%
Shanghai GTJA Chuangxin Equity Investment Master Fund Center LLP	Shanghai PRC	Equity investment and advisory	**50%**	50%
Qingdao GTJA Xinxing No.1 Equity Investment Fund LLP	Qingdao PRC	Equity investment and advisory	**48%**	48%
Yancheng GTJA Zhiyuan No.1 Investment Centre LLP	Yancheng PRC	Equity investment and investment advisory	**20%**	20%

29. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

(1) Although the Group's percentages of shareholdings in these investees are higher than 50%, they are accounted for as joint ventures as the Group only has joint control over these investees due to the relevant arrangements stipulated in the articles of association or other agreements.

(2) Although the Group's percentages of shareholdings in these investees are lower than 20%, they are accounted for as joint ventures as the Group has joint control over these investees due to the relevant arrangements stipulated in the articles of association or other agreements.

The following table summarises unaudited financial information of Shanghai Securities as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies, if any. The table also reconciles the summarized financial information to the carrying amount of the Group's interests in Shanghai Securities.

Shanghai Securities

	As at 31 December	
	2023	2022
	(Unaudited)	(Audited)
Gross amounts of the associate		
Assets	**73,072,366**	67,448,004
Liabilities	**55,706,700**	50,391,341
Net assets	**17,365,666**	17,056,663
Net assets pro rata to shareholding ratio	**4,339,680**	4,262,460
Other adjustments	**1,122,066**	1,129,041
Carrying amount of interest in associate	**5,461,746**	5,391,501

	Year ended 31 December	
	2023	2022
	(Unaudited)	(Audited)
Revenue	**3,417,687**	2,860,536
Profit for the year	**353,233**	297,214
Other comprehensive income	**63,769**	(168,828)
Other adjustments	**(27,912)**	(27,294)
Total comprehensive income	**389,090**	101,092
Dividend received from the associate	**26,989**	–

29. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

The following table illustrates the aggregate financial information of the Group's associates and joint ventures that are not individually material:

	Year ended 31 December	
	2023	2022
Share of associates' profit for the year	**26,147**	21,038
Share of joint ventures' profit for the year	**272,002**	315,913
Share of associates' total comprehensive income for the year	**26,147**	21,038
Share of joint ventures' total comprehensive income for the year	**276,459**	311,936

	As at 31 December	
	2023	2022
Aggregate carrying amount of the Group's investments in associates	**2,094,504**	970,890
Aggregate carrying amount of the Group's investments in joint ventures	**5,234,512**	5,081,873

30. DEBT INVESTMENTS AT AMORTISED COST

Non-current

	As at 31 December	
	2023	2022
Government bonds	**3,010,433**	2,787,707
Less: impairment losses	**–**	–
Total	**3,010,433**	2,787,707
Analyzed as:		
Unlisted	**3,010,433**	2,787,707
Total	**3,010,433**	2,787,707

30. DEBT INVESTMENTS AT AMORTISED COST *(continued)*

Current

	As at 31 December	
	2023	2022
Government bonds	**604,110**	368,442
Less: impairment losses	**–**	–
Total	**604,110**	368,442
Analyzed as:		
Unlisted	**604,110**	368,442
Total	**604,110**	368,442

As at 31 December 2023, the carrying amount of debt investments at amortised cost comprises RMB3,485,236 thousand of investment from general risk reserve (31 December 2022: RMB3,027,121 thousand).

As at 31 December 2023 and 2022, ECL allowance provided for debt investments at amortised cost was nil.

31. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Non-current

	As at 31 December	
	2023	2022
Government bonds	**31,094,104**	32,355,793
Corporate bonds	**25,234,158**	7,795,794
Financial bonds	**9,906,014**	6,342,509
Other bonds	**10,216,217**	9,865,451
Total	**76,450,493**	56,359,547
Analyzed as:		
Listed in Hong Kong	**–**	668,961
Listed outside Hong Kong	**26,037,716**	25,631,555
Unlisted	**50,412,777**	30,059,031
Total	**76,450,493**	56,359,547

31. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(continued)*

Current

	As at 31 December	
	2023	2022
Government bonds	**1,212,453**	2,123,953
Corporate bonds	**6,274,310**	1,942,037
Other bonds	**9,867,124**	763,778
Financial bonds	**342,405**	–
Total	**17,696,292**	4,829,768
Analyzed as:		
Listed in Hong Kong	**1,518,169**	197,656
Listed outside Hong Kong	**12,699,847**	2,759,504
Unlisted	**3,478,276**	1,872,608
Total	**17,696,292**	4,829,768

As at 31 December 2023, debt instruments at fair value through other comprehensive income of the Group included approximately RMB87,327,304 thousand of pledged, restricted or transferred assets (31 December 2022: RMB53,962,716 thousand).

(a) Analysis of the movements of allowance for ECLs:

	Year ended 31 December	
	2023	2022
At the beginning of the year	**99,000**	151,325
Charge for the year	**190,125**	66,759
Reversal	**(62,465)**	(48,638)
Amounts written off and others	**(65,691)**	(70,446)
At the end of the year	**160,969**	99,000

31. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(continued)*

(b) Analysis of the stages of allowance for ECLs:

	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2023	**154,588**	**6,381**	**–**	**160,969**
As at 31 December 2022	68,033	30,967	–	99,000

32. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Non-current

	As at 31 December	
	2023	2022
Equity securities [(1) (2) (3)]	**1,804,971**	2,331,288
Other	**1,400**	–
Total	**1,806,371**	2,331,288
Analyzed as:		
Listed in Hong Kong	**–**	73,520
Listed outside Hong Kong	**1,691,473**	2,011,326
Unlisted	**114,898**	246,442
Total	**1,806,371**	2,331,288

32. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(continued)*

Current

	As at 31 December	
	2023	2022
Equity securities[(1) (2) (3)]	**69,309**	–
Total	**69,309**	–
Analyzed as:		
Listed in Hong Kong	**69,309**	–
Total	**69,309**	–

(1) During the year ended 31 December 2023, the Group has designated some investments held as non-trading purpose, as equity instruments at fair value through other comprehensive income. The dividend income relating to equity instruments at fair value through other comprehensive income is disclosed in Note 8.

During the year ended 31 December 2023, the Group disposed of some of the equity instruments at fair value through other comprehensive income in response to the change in external conditions. The accumulated net realized losses and the dividend income of the equity instruments disposed of amounted to RMB267 million (2022: losses of RMB200 million) and RMB309 thousand (2022: RMB165 thousand), respectively.

(2) As at 31 December 2023, equity instruments at fair value through other comprehensive income of the Group included approximately RMB73,029 thousand (2022: RMB72,709 thousand) of pledged, restricted or transferred shares.

(3) Securities lending of equity instruments at fair value through other comprehensive income of the Group refer to Note 60(2).

33. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analyzed by collateral type:

Non-current

	As at 31 December	
	2023	2022
Equity securities	**1,800,031**	300,552
Less: Allowance for ECLs	**(16,470)**	(1,692)
Total	**1,783,561**	298,860

Current

	As at 31 December	
	2023	2022
Debt securities	**42,904,051**	44,612,790
Equity securities	**26,372,683**	28,127,233
Precious metals	**757,842**	243,565
Less: Allowance for ECLs	**(2,152,046)**	(2,146,228)
Total	**67,882,530**	70,837,360

(b) Analyzed by market:

Non-current

	As at 31 December	
	2023	2022
Stock exchanges	**1,800,031**	300,552
Less: Allowance for ECLs	**(16,470)**	(1,692)
Total	**1,783,561**	298,860

33. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS *(continued)*

(b) Analyzed by market: *(continued)*

Current

	As at 31 December	
	2023	2022
Stock exchanges	**38,269,723**	39,715,856
Interbank market	**30,042,893**	32,497,625
Over the counter	**1,721,960**	770,107
Less: Allowance for ECLs	**(2,152,046)**	(2,146,228)
Total	**67,882,530**	70,837,360

(c) Analysis of the movements of allowance for ECLs:

	Year ended 31 December	
	2023	2022
At the beginning of the year	**2,147,920**	2,375,601
Charge for the year	**150,891**	92,226
Reversal	**(130,301)**	(319,958)
Amounts written off and others	**6**	51
At the end of the year	**2,168,516**	2,147,920

(d) Analyzed by the stages of allowance for ECLs:

	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2023	**108,991**	**–**	**2,059,525**	**2,168,516**
As at 31 December 2022	121,901	1,149	2,024,870	2,147,920

As at 31 December 2023, the carrying amount of financial assets held under resale agreements, for which the loss allowance is measured at an amount equal to 12-month and lifetime expected credit losses, is RMB69,666,091 thousand and RMB0 thousand respectively (As at 31 December 2022: RMB70,817,275 thousand and RMB318,945 thousand respectively).

33. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS *(continued)*

(e) Analyzed by the stages of allowance for ECLs of stock-pledged financing:

	As at 31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount	**24,258,796**	**–**	**2,059,525**	**26,318,321**
Allowance for ECLs	**(95,508)**	**–**	**(2,059,525)**	**(2,155,033)**
Fair value of collateral	**60,200,440**	**–**	**42,704**	**60,243,144**

	As at 31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	23,695,195	11,526	2,333,438	26,040,159
Allowance for ECLs	(102,610)	(1,149)	(2,024,870)	(2,128,629)
Fair value of collateral	61,445,387	14,232	431,310	61,890,929

34. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Non-current

	As at 31 December	
	2023	2022
At fair value through profit or loss:		
Perpetual bonds/preferred stock	**8,718,829**	8,851,815
Funds	**7,653,662**	6,246,243
Equity securities	**4,092,866**	4,026,833
Debt securities	**2,084,736**	2,002,052
Total	**22,550,093**	21,126,943
Analyzed as:		
Listed in Hong Kong	**2,502,730**	4,410,192
Listed outside Hong Kong	**4,347,317**	2,480,459
Unlisted	**15,700,046**	14,236,292
Total	**22,550,093**	21,126,943

34. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

Current

	As at 31 December	
	2023	2022
At fair value through profit or loss:		
Debt securities	**155,464,708**	146,556,372
Funds	**101,811,323**	90,733,903
Equity securities	**65,079,459**	47,264,243
Perpetual bonds/preferred stock	**14,209,173**	11,199,316
Asset management schemes	**9,560,154**	11,645,982
Wealth management products	**2,634,572**	1,854,763
Other investments [(1)]	**1,264,758**	1,019,722
Total	**350,024,147**	310,274,301
Analyzed as:		
Listed in Hong Kong	**9,954,792**	24,253,783
Listed outside Hong Kong	**140,303,607**	117,855,989
Unlisted	**199,765,748**	168,164,529
Total	**350,024,147**	310,274,301

(1) Other investments mainly represent investments in precious metals, etc.

(2) As at 31 December 2023, financial assets at fair value through profit or loss of the Group included approximately RMB143,626,507 thousand (As at 31 December 2022: RMB147,852,857 thousand) of pledged, restricted or transferred assets.

(3) Securities lending of financial assets at fair value through profit or loss of the Group refer to Note 60 (2).

35. REFUNDABLE DEPOSITS

	As at 31 December	
	2023	2022
Deposits with exchanges and other financial institutions:		
Futures deposits	**49,374,836**	49,539,722
Trading deposits	**6,048,280**	7,383,043
Performance deposits	**1,111,355**	1,463,747
Credit deposits	**226,423**	510,753
Other deposits	**26,733**	25,552
Total	**56,787,627**	58,922,817

36. DEFERRED TAX

For the purpose of presentation in the Group's statement of financial position, certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December	
	2023	2022 (Restated)
Deferred tax assets	**2,457,519**	2,457,184
Deferred tax liabilities	**(155,141)**	(128,523)
Total	**2,302,378**	2,328,661

The following are the major deferred tax assets and liabilities recognized and the movements thereon for the years ended 31 December 2023 and 2022:

Deferred tax arising from:	Allowance for ECLs/impairment losses	Employee benefits payable	Changes in fair value of financial instruments	Fair value revaluation on acquisition of subsidiaries	Deductible tax losses	Right-of-use assets	Lease liabilities	Others	Total
As at 1 January 2022 (as previously reported)	1,069,241	1,619,564	(1,273,530)	–	154,563	(83,050)	85,048	162,320	1,734,156
Adjustment on initial application of Amendments to IAS12	–	–	–	–	–	(342,467)	360,203	–	17,736
As at 1 January 2022 (restated)	1,069,241	1,619,564	(1,273,530)	–	154,563	(425,517)	445,251	162,320	1,751,892
Recognized in profit or loss (restated)	(161,288)	(74,950)	347,276	865	166,864	29,442	(22,167)	(83,136)	202,906
Recognized in other comprehensive income	–	–	224,338	–	–	–	–	994	225,332
Transferred during the year	–	–	(50,024)	–	–	–	–	–	(50,024)
Acquisition of a subsidiary (restated)	–	269,044	3,960	(77,379)	–	(10,812)	11,249	2,493	198,555
As at 31 December 2022 (restated)	907,953	1,813,658	(747,980)	(76,514)	321,427	(406,887)	434,333	82,671	2,328,661
As at 1 January 2023	907,953	1,813,658	(747,980)	(76,514)	321,427	(406,887)	434,333	82,671	2,328,661
Recognized in profit or loss	44,161	(322,032)	529,863	5,191	64,045	5,941	(5,817)	(24,288)	297,064
Recognized in other comprehensive income	–	–	(261,270)	–	–	–	–	(58,290)	(319,560)
Transferred during the period	–	–	(3,787)	–	–	–	–	–	(3,787)
As at 30 December 2023	**952,114**	**1,491,626**	**(483,174)**	**(71,323)**	**385,472**	**(400,946)**	**428,516**	**93**	**2,302,378**

The Group did not have material unrecognized deductible temporary differences and deductible losses.

37. OTHER NON-CURRENT ASSETS

	As at 31 December	
	2023	2022
Advances relating to lawsuits	**336,533**	343,644
Term loan	**213,292**	210,244
Rental Deposit	**158,757**	94,514
Long-term deferred expenses	**52,310**	47,124
Others	**707,480**	738,683
Less: Allowance for ECLs	**(1,268,433)**	(1,279,727)
Total	**199,939**	154,482

(a) Analysis of the movements of allowance for ECLs:

	Year ended 31 December	
	2023	2022
At the beginning of the year	**1,279,727**	1,211,488
Charge for the year	**5,263**	58,653
Reversal	**(12,332)**	(7,474)
Amounts written off and others	**(4,225)**	17,060
At the end of the year	**1,268,433**	1,279,727

(b) Analyzed by the stages of allowance for ECLs:

	Stage 1	Stage 2	Stage 3	Simplified approach	Total
As at 31 December 2023	**–**	**–**	**1,260,925**	**7,508**	**1,268,433**
As at 31 December 2022	86	–	1,279,641	–	1,279,727

38. ACCOUNTS RECEIVABLE

	As at 31 December	
	2023	2022
Accounts receivable from:		
– Brokers and dealers	**9,454,719**	5,659,009
– Settlement	**5,617,695**	4,520,124
– Fee and commission	**1,583,833**	1,299,058
– Fund management fee	**257,655**	299,013
– Cash and custodian clients	**13,865**	8,854
Less: Allowance for ECLs	**(104,650)**	(27,008)
Total	**16,823,117**	11,759,050

(a) Analyzed by aging:

	As at 31 December	
	2023	2022
Within 1 year	**16,729,988**	11,678,777
1 to 2 years	**66,680**	67,039
2 to 3 years	**19,693**	3,390
Over 3 years	**6,756**	9,844
Total	**16,823,117**	11,759,050

(b) Analysis of the movements of allowance for ECLs:

	Year ended 31 December	
	2023	2022
At the beginning of the year	**27,008**	20,707
Charge for the year	**71,003**	6,507
Reversal	**(297)**	–
Amounts written off and others	**6,936**	(206)
At the end of the year	**104,650**	27,008

38. ACCOUNTS RECEIVABLE *(continued)*

(c) Analyzed by the stages of allowance for ECLs:

	Stage 1	Stage 2	Stage 3	Simplified approach	Total
As at 31 December 2023	**18,732**	**–**	**26,124**	**59,794**	**104,650**
As at 31 December 2022	27,008	–	–	–	27,008

39. OTHER CURRENT ASSETS

	As at 31 December	
	2023	2022
Bulk commodity trading inventories	**972,589**	469,641
Prepayments	**98,263**	1,191,611
Deferred expenses	**60,537**	40,585
Rental deposit	**57,264**	149,944
Dividends receivable	**2,703**	14,758
Term loan	**–**	207,504
Others	**1,272,705**	968,120
Less: Allowance for ECLs/impairment losses	**(54,136)**	(129,050)
Total	**2,409,925**	2,913,113

(a) Analysis of the movements of allowance for ECLs/impairment losses:

	Year ended 31 December	
	2023	2022
At the beginning of the year	**129,050**	1,196
Charge for the year	**32,958**	148,745
Reversal	**–**	(24,533)
Amounts written off and others	**(107,872)**	3,642
At the end of the year	**54,136**	129,050

39. OTHER CURRENT ASSETS *(continued)*

(b) Analyzed by the stages of allowance for ECLs:

	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2023	**–**	**–**	**559**	**559**
As at 31 December 2022	–	–	71,395	71,395

40. MARGIN ACCOUNTS RECEIVABLE

	As at 31 December	
	2023	2022
Individuals	**71,640,875**	65,102,652
Institutions	**20,195,212**	24,017,351
Less: Allowance for ECLs	**(2,082,122)**	(2,004,494)
Total	**89,753,965**	87,115,509

(a) Analysis of the movements of allowance for ECLs:

	Year ended 31 December	
	2023	2022
At the beginning of the year	**2,004,494**	2,275,350
Charge for the year	**159,850**	166,600
Reversal	**(106,268)**	(575,260)
Amounts written off and others	**24,046**	137,804
At the end of the year	**2,082,122**	2,004,494

(b) Analyzed by the stages of allowance for ECLs:

	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2023	**233,590**	**17,674**	**1,830,858**	**2,082,122**
As at 31 December 2022	218,522	659	1,785,313	2,004,494

The carrying amount of margin accounts receivable, for which the loss allowance is measured at an amount equal to 12-month and lifetime expected credit losses, are RMB89,470,673 thousand and RMB283,292 thousand respectively (2022: RMB87,047,859 thousand and RMB67,650 thousand respectively).

40. MARGIN ACCOUNTS RECEIVABLE *(continued)*

(c) The fair value of collateral for the margin financing and securities lending business is analyzed as follows:

	As at 31 December	
	2023	2022
Fair value of collateral:		
– Stocks	**273,408,489**	271,607,440
– Cash	**10,226,872**	13,003,534
– Funds	**12,002,751**	10,880,250
– Bonds	**364,244**	576,846
Total	**296,002,356**	296,068,070

41. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December 2023		
		Fair value	
	Nominal amount	**Assets**	**Liabilities**
Interest rate derivatives	**1,804,879,957**	**1,219,637**	**(1,147,151)**
Equity derivatives	**287,675,411**	**7,619,555**	**(9,081,582)**
Currency derivatives	**155,030,218**	**337,369**	**(746,053)**
Other derivatives	**143,395,440**	**891,707**	**(668,956)**
Less: Cash (received)/paid as settlement		**(395,570)**	**155,136**
Total		**9,672,698**	**(11,488,606)**

	As at 31 December 2022		
		Fair value	
	Nominal amount	Assets	Liabilities
Interest rate derivatives	1,766,870,241	811,133	(323,843)
Equity derivatives	484,929,704	6,608,072	(7,247,346)
Currency derivatives	158,827,835	377,987	(1,636,354)
Other derivatives	122,561,956	790,024	(987,643)
Less: Cash (received)/paid as settlement		(354,393)	404,527
Total		8,232,823	(9,790,659)

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in part of derivative financial instruments were settled daily and the corresponding receipts and payments were included in clearing settlement funds.

42. CLEARING SETTLEMENT FUNDS

	As at 31 December	
	2023	2022
Deposits with stock exchanges		
– China Securities Depository and Clearing Corporation Limited	**5,987,600**	6,545,473
– Others	**1,327,828**	869,441
Total	**7,315,428**	7,414,914

43. CASH HELD ON BEHALF OF BROKERAGE CUSTOMERS

The Group maintains segregated deposit accounts with banks and authorized institutions to hold cash on behalf of customers arising from its normal course of business. The Group has recorded the related amounts as cash held on behalf of customers and the corresponding liabilities as accounts payable to brokerage customers on the grounds that it is liable for any loss or misappropriation of its brokerage clients' monies. In Mainland China, the use of cash held on behalf of customers for security and the settlement of their transactions are restricted and governed by relevant third-party deposit regulations issued by the CSRC. In Hong Kong, the "Securities and Futures (Client Money) Rules" implementing the related provisions of the Securities and Futures Ordinance impose similar restrictions.

44. CASH AND BANK BALANCES

	As at 31 December	
	2023	2022
Cash on hand	**445**	468
Bank balances	**30,739,465**	30,747,456
Total	**30,739,910**	30,747,924

As at 31 December 2023, the Group's bank balances of RMB486,487 thousand were restricted (31 December 2022: RMB622,810 thousand).

As at 31 December 2023, the ECL allowance for cash and bank balances amounted to RMB3,182 thousand (31 December 2022: RMB7,669 thousand).

45. LOANS AND BORROWINGS

Non-current

	As at 31 December	
	2023	2022
Unsecured loans and borrowings [1]	**549,552**	559,151
Total	**549,552**	559,151

Current

	As at 31 December	
	2023	2022
Unsecured loans and borrowings [2]	**11,661,690**	9,847,547
Total	**11,661,690**	9,847,547

(1) As at 31 December 2023 and 2022, the non-current unsecured bank loans of the Group bore interest at rate 3.15% per annum and 3.25% per annum, respectively.

(2) As at 31 December 2023 and 2022, the current unsecured loans and borrowings of the Group bore interest at rates ranging from 3.60% to 6.38% per annum and from 3.10% to 5.75% per annum, respectively.

46. SHORT-TERM DEBT INSTRUMENTS

	Nominal interest rate	**As at 1 January 2023**	**Increase**	**Decrease**	**As at 31 December 2023**
Short-term financing bills payable	**2.44% – 2.80%**	**7,210,792**	**23,381,352**	**14,421,270**	**16,170,874**
Short-term corporate bonds	**2.51%**	**3,007,840**	**29,294**	**3,037,134**	**–**
Medium-term notes	**0.00% – 6.14%**	**468,824**	**6,464,102**	**4,636,505**	**2,296,421**
Structured notes	**0.50% – 5.54%**	**2,962,023**	**2,074,069**	**4,131,293**	**904,799**
Total		**13,649,479**	**31,948,817**	**26,226,202**	**19,372,094**

	Nominal interest rate	As at 1 January 2022	Increase	Decrease	As at 31 December 2022
Short-term financing bills payable	1.87% – 2.80%	10,052,164	13,446,480	16,287,852	7,210,792
Short-term corporate bonds	2.51% – 2.97%	22,065,741	3,287,393	22,345,294	3,007,840
Medium-term notes	0.00% – 3.95%	9,874,593	5,914,335	15,320,104	468,824
Structured notes	0.00% – 4.94%	4,028,804	7,595,470	8,662,251	2,962,023
Total		46,021,302	30,243,678	62,615,501	13,649,479

47. PLACEMENTS FROM OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2023	2022
Placements from banks	**7,804,513**	8,949,902
Placements from China Securities Finance Corporation Limited ("CSFC") (1)	**3,940,389**	4,017,303
Total	**11,744,902**	12,967,205

(1) As at 31 December 2023 and 2022, placements from CSFC were repayable within one year, and bore interest rates ranging from 2.12% to 2.30% per annum and 2.10% to 2.50% per annum, respectively.

48. ACCOUNTS PAYABLE TO BROKERAGE CUSTOMERS

	As at 31 December	
	2023	2022
Margin financing and securities lending deposits	**13,979,341**	16,846,289
Other brokerage business deposits	**164,075,731**	178,872,494
Total	**178,055,072**	195,718,783

Accounts payable to brokerage customers mainly include money held on behalf of customers in banks and clearing houses, and bear interest at the prevailing market interest rates.

The majority of the accounts payable balances are repayable on demand except where certain accounts payable to brokerage customers represent monies received from customers for their margin financing and futures trading activities under the normal course of business. Only amounts in excess of the required deposits and cash collateral stipulated are repayable on demand.

No aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not provide additional value in view of the nature of these businesses.

49. EMPLOYEE BENEFITS PAYABLE

	As at 31 December	
	2023	2022
Salaries, bonuses and allowances	**7,544,451**	8,833,373
Social welfare and others	**136,390**	204,119
Contributions to a defined contribution scheme	**48,003**	20,212
Total	**7,728,844**	9,057,704

The Group provides an additional enterprise annuity plan to employees in mainland China. According to the plan, when an employee leaves the company, some of the enterprise payment amount may be transferred back to the enterprise annuity enterprise account according to the actual working time. There is no case of using forfeited contributions to reduce the existing contribution level.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

50. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analyzed by collateral type:

	As at 31 December	
Current	**2023**	2022
Bonds	**194,899,493**	150,108,765
Funds	**16,973,511**	15,159,976
Precious metals	**4,956,586**	7,967,941
Total	**216,829,590**	173,236,682

(b) Analyzed by market:

	As at 31 December	
Current	**2023**	2022
Interbank market	**134,851,315**	89,155,945
Stock exchanges	**77,021,689**	76,112,796
Shanghai gold exchange	**4,956,586**	7,967,941
Total	**216,829,590**	173,236,682

51. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Current

	As at 31 December	
	2023	2022
At fair value through profit or loss [(1)]		
– Equity securities	**1,539,627**	543,882
– Debt securities	**1,470,697**	9,503,187
– Gold	**142,270**	640,856
Designated as at fair value through profit or loss		
– Debt securities [(2)]	**53,046,729**	36,557,863
– Interest attributable to other holders of consolidated structured entities [(3)]	**1,424,305**	1,081,764
Total	**57,623,628**	48,327,552

51. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

Non-current

	As at 31 December	
	2023	2022
Designated as at fair value through profit or loss		
– Debt securities [(2)]	**16,956,084**	26,146,871
– Interest attributable to other holders of consolidated structured entities [(3)]	**244,549**	574,444
Total	**17,200,633**	26,721,315

(1) As at 31 December 2023 and 2022, included in the Group's financial liabilities through profit or loss were equity securities, bonds and gold borrowed by the Group.

(2) As at 31 December 2023 and 2022, included in the Group's financial liabilities designated as at fair value through profit or loss were structured notes generally in the form of notes or certificates with the underlying investments related to listed equity investments, listed debt investments, unlisted fund investments and etc.

(3) As at 31 December 2023 and 2022, the financial liabilities arising from the consolidation of structured entities were designated as at fair value through profit or loss by the Group, as the Group has the obligation to pay other investors or limited partners upon the maturity dates of the structured entities based on the net asset value and related terms of those consolidated structured entities.

52. BONDS PAYABLE

Current

	As at 31 December	
	2023	2022
Corporate bonds[(1)]	**22,615,599**	29,720,606
Subordinated bonds[(1)]	**7,683,361**	4,003,977
Medium-term notes[(2)]	**2,144,148**	–
Total	**32,443,108**	33,724,583

Non-current

	As at 31 December	
	2023	2022
Corporate bonds[(1)]	**87,955,219**	74,505,891
Medium-term notes[(2)]	**10,023,339**	8,380,143
Subordinated bonds[(1)]	**3,603,877**	11,272,977
Total	**101,582,435**	94,159,011

52. BONDS PAYABLE *(continued)*

(1) The details of the outstanding corporate bonds and subordinated bonds payable are as follows:

As at 31 December 2023

Name	Par value	Issue date	Maturity date	Coupon rate
Current				
Corporate bonds				
21 GUOJUN G1	**4,000,000**	**2021.04**	**2024.04**	**3.46%**
21 GUOJUN G3	**3,000,000**	**2021.05**	**2024.05**	**3.31%**
21 GUOJUN G5	**2,900,000**	**2021.06**	**2024.06**	**3.40%**
21 GUOJUN G7	**1,900,000**	**2021.07**	**2024.07**	**3.13%**
21 GUOJUN G9	**2,800,000**	**2021.08**	**2024.08**	**3.01%**
21 GUOJUN 12	**4,400,000**	**2021.09**	**2024.10**	**3.09%**
21 GUOJUN 14	**3,300,000**	**2021.10**	**2024.11**	**3.29%**
Subordinated bond				
21 GUOJUN C1	**3,000,000**	**2021.01**	**2024.01**	**3.89%**
21 GUOJUN C3	**2,000,000**	**2021.12**	**2024.12**	**3.20%**
22 GUOJUN C1	**2,500,000**	**2022.01**	**2024.01**	**3.00%**
Non-current				
Corporate bonds				
21 GUOJUN G2	**2,000,000**	**2021.04**	**2026.04**	**3.75%**
21 GUOJUN G4	**5,000,000**	**2021.05**	**2026.05**	**3.67%**
21 GUOJUN G8	**6,100,000**	**2021.07**	**2026.07**	**3.48%**
21 GUOJUN 10	**4,200,000**	**2021.08**	**2026.08**	**3.35%**
21 GUOJUN 11	**3,000,000**	**2021.08**	**2031.08**	**3.77%**
21 GUOJUN 13	**3,400,000**	**2021.09**	**2031.09**	**3.80%**
21 GUOJUN 15	**3,400,000**	**2021.10**	**2031.10**	**3.99%**
22 GUOJUN G1	**2,000,000**	**2022.03**	**2025.03**	**3.04%**
22 GUOJUN G2	**1,400,000**	**2022.03**	**2032.03**	**3.74%**
22 GUOJUN G3	**2,800,000**	**2022.04**	**2025.04**	**2.96%**
22 GUOJUN G4	**2,500,000**	**2022.04**	**2032.04**	**3.70%**
22 GUOJUN G5	**3,100,000**	**2022.05**	**2025.05**	**2.78%**
22 GUOJUN G6	**2,400,000**	**2022.05**	**2032.05**	**3.58%**
22 GUOJUN G7	**2,500,000**	**2022.07**	**2025.07**	**2.92%**
22 GUOJUN G8	**2,500,000**	**2022.07**	**2027.07**	**3.27%**
22 GUOJUN G9	**2,000,000**	**2022.09**	**2025.09**	**2.52%**
22 GUOJUN 10	**3,000,000**	**2022.09**	**2027.09**	**2.90%**
23 GUOJUN G1	**3,000,000**	**2023.01**	**2025.02**	**2.90%**
23 GUOJUN G2	**3,000,000**	**2023.01**	**2026.01**	**3.07%**

52. BONDS PAYABLE *(continued)*

(1) The details of the outstanding corporate bonds and subordinated bonds payable are as follows: *(continued)*

Name	Par value	Issue date	Maturity date	Coupon rate
23 GUOJUN G3	**1,500,000**	**2023.02**	**2025.02**	**2.92%**
23 GUOJUN G4	**4,500,000**	**2023.02**	**2026.02**	**3.16%**
23 GUOJUN G5	**1,600,000**	**2023.05**	**2025.05**	**2.79%**
23 GUOJUN G6	**3,400,000**	**2023.05**	**2026.04**	**2.92%**
23 GUOJUN G7	**3,000,000**	**2023.08**	**2025.08**	**2.53%**
23 GUOJUN G8	**2,000,000**	**2023.08**	**2026.08**	**2.70%**
23 GUOJUN G9	**1,500,000**	**2023.09**	**2025.10**	**2.80%**
23 GUOJUN 10	**3,500,000**	**2023.09**	**2026.09**	**2.89%**
23 GUOJUN 11	**900,000**	**2023.10**	**2025.10**	**2.82%**
23 GUOJUN 12	**2,500,000**	**2023.10**	**2028.10**	**3.12%**
23 GUOJUN 13	**3,500,000**	**2023.11**	**2025.11**	**2.82%**
23 GUOJUN 15	**1,700,000**	**2023.11**	**2028.11**	**3.08%**
Subordinated bond				
22 GUOJUN C2	**3,500,000**	**2022.01**	**2025.01**	**3.17%**

As at 31 December 2022

Name	Par value	Issue date	Maturity date	Coupon rate
Current				
Corporate bonds				
18 GUOJUN G4	300,000	2018.07	2023.07	4.64%
20 GUOJUN G1	4,000,000	2020.01	2023.01	3.37%
20 GUOJUN G2	4,000,000	2020.03	2023.03	3.05%
20 GUOJUN G4	5,000,000	2020.07	2023.07	3.55%
20 GUOJUN G5	4,000,000	2020.09	2023.09	3.75%
20 GUOJUN G7	2,000,000	2020.11	2023.11	3.90%
20 GUOJUN G9	2,900,000	2020.12	2023.12	3.77%
GUOJUN Convertible bonds(i)	7,000,000	2017.07	2023.07	2.00%
Subordinated bond				
21 GUOJUN C2	4,000,000	2021.12	2023.12	3.09%
Non-current				
Corporate bonds				
21 GUOJUN G1	4,000,000	2021.04	2024.04	3.46%
21 GUOJUN G2	2,000,000	2021.04	2026.04	3.75%
21 GUOJUN G3	3,000,000	2021.05	2024.05	3.31%

52. BONDS PAYABLE *(continued)*

(1) The details of the outstanding corporate bonds and subordinated bonds payable are as follows: *(continued)*

Name	Par value	Issue date	Maturity date	Coupon rate
21 GUOJUN G4	5,000,000	2021.05	2026.05	3.67%
21 GUOJUN G5	2,900,000	2021.06	2024.06	3.40%
21 GUOJUN G7	1,900,000	2021.07	2024.07	3.13%
21 GUOJUN G8	6,100,000	2021.07	2026.07	3.48%
21 GUOJUN G9	2,800,000	2021.08	2024.08	3.01%
21 GUOJUN 10	4,200,000	2021.08	2026.08	3.35%
21 GUOJUN 11	3,000,000	2021.08	2031.08	3.77%
21 GUOJUN 12	4,400,000	2021.09	2024.10	3.09%
21 GUOJUN 13	3,400,000	2021.09	2031.09	3.80%
21 GUOJUN 14	3,300,000	2021.10	2024.11	3.29%
21 GUOJUN 15	3,400,000	2021.10	2031.10	3.99%
22 GUOJUN G1	2,000,000	2022.03	2025.03	3.04%
22 GUOJUN G2	1,400,000	2022.03	2032.03	3.74%
22 GUOJUN G3	2,800,000	2022.04	2025.04	2.96%
22 GUOJUN G4	2,500,000	2022.04	2032.04	3.70%
22 GUOJUN G5	3,100,000	2022.05	2025.05	2.78%
22 GUOJUN G6	2,400,000	2022.05	2032.05	3.58%
22 GUOJUN G7	2,500,000	2022.07	2025.07	2.92%
22 GUOJUN G8	2,500,000	2022.07	2027.07	3.27%
22 GUOJUN G9	2,000,000	2022.09	2025.09	2.52%
22 GUOJUN 10	3,000,000	2022.09	2027.09	2.90%
Subordinated bond				
21 GUOJUN C1	3,000,000	2021.01	2024.01	3.89%
21 GUOJUN C3	2,000,000	2021.12	2024.12	3.20%
22 GUOJUN C1	2,500,000	2022.01	2024.01	3.00%
22 GUOJUN C2	3,500,000	2022.01	2025.01	3.17%

52. BONDS PAYABLE *(continued)*

(1) The details of the outstanding corporate bonds and subordinated bonds payable are as follows: *(continued)*

(i) In July 2017, as approved by the CSRC, the Company issued 6-year A-share convertible bonds with par value of RMB7 billion. The convertible bond bears a fixed annual interest rate of 0.20% for the first year, 0.50% for the second year, 1.00% for the third year, 1.50% for the fourth year, 1.80% for the fifth year and 2.00% for the sixth year. The initial conversion price is RMB20.20 per share. The convertible bonds holders may exercise their rights to convert the convertible bonds into the Company's A shares at the stipulated conversion price during the period ("Conversion Period") beginning six months after the date of issuance until the maturity date. Within 5 trading days after maturity, the Company shall redeem the outstanding convertible bonds at 105% of the par value, inclusive of interest for the sixth year.

During the Conversion Period, if the closing price of the Company's A Shares is not less than or equal to 130% of the prevailing conversion price for at least 15 trading days out of any 30 consecutive trading days, or if the total outstanding amount is less than RMB30 million, the Company has the right to redeem all or part of the outstanding convertible bonds at par value plus accrued interest.

The convertible corporate bonds issued have been split into the liability and equity components. After considering direct transaction costs, the Company recognized the equity part of the convertible corporate bonds as other equity instruments amounting to RMB1,129,841 thousand.

The maturity date and payment registration date of the convertible corporate bonds was 6 July 2023. As of the maturity date, a total of RMB11,485,000 of the convertible bonds has been converted into 611,763 A share of the company, accounting for 0.01% of the total issued common shares of the Company before the conversion. The balance of unconverted bonds is RMB6,988,515,000, accounting for 99.84% of the par value of the issued convertible bonds.

(2) The details of the outstanding medium-term notes are as follows:

On 3 March 2021, GJIHL has drawdown USD400 million under a medium term note programme. The notes are of 5 years, bearing interest at 2% per annum.

On 21 April 2021, the Company's subsidiary, Guotai Junan Holdings Limited has drawdown USD500 million under a medium term note programme. The notes are of 5 years, bearing interest at 2% per annum. The Company provided unconditional and irrevocable guarantee to the medium term note programme.

On 24 November 2021, the Company's subsidiary, Guotai Junan Holdings Limited has drawdown USD300 million under a medium term note programme. The notes are of 3 years, bearing interest at 1.6% per annum. The Company provided unconditional and irrevocable guarantee to the medium term note programme.

52. BONDS PAYABLE *(continued)*

(2) The details of the outstanding medium-term notes are as follows: (continued)

On 10 March 2023, the Company's subsidiary, Guotai Junan Holdings Limited has drawdown RMB500 million under a medium term note programme. The notes are of 3 years, bearing interest at 3.35% per annum. The Company provided unconditional and irrevocable guarantee to the medium term note programme.

On 23 March 2023, the Company's subsidiary, Guotai Junan Holdings Limited has drawdown RMB935 million under a medium term note programme. The notes are of 3 years, bearing interest at 3.35% per annum. The Company provided unconditional and irrevocable guarantee to the medium term note programme.

On 24 March 2023, the Company's subsidiary, Guotai Junan Holdings Limited has drawdown RMB500 million under a medium term note programme. The notes are of 3 years, bearing interest at 3.35% per annum. The Company provided unconditional and irrevocable guarantee to the medium term note programme.

On 22 November 2023, the Company's subsidiary, Guotai Junan Holdings Limited has drawdown RMB520 million under a medium term note programme. The notes are of 3 years, bearing interest at 3.35% per annum. The Company provided unconditional and irrevocable guarantee to the medium term note programme.

On 27 December 2023, the Company's subsidiary, Guotai Junan Holdings Limited has drawdown RMB500 million under a medium term note programme. The notes are of 3 years, bearing interest at 3.35% per annum. The Company provided unconditional and irrevocable guarantee to the medium term note programme.

On 28 December 2023, the Company's subsidiary, Guotai Junan Holdings Limited has drawdown RMB700 million under a medium term note programme. The notes are of 3 years, bearing interest at 3.35% per annum. The Company provided unconditional and irrevocable guarantee to the medium term note programme.

53. CONTRACT LIABILITIES

Current

	As at 31 December 2023	As at 31 December 2022
Advance consideration received from customers	**80,141**	96,601

Contract liabilities represent the advance payment of the sponsorship business, the asset management business and the commodity trading. The Group received theses advance payments when the contracts are signed, and will recognize the expected revenue in future when or as the work is completed or, in the case of commodity trading, when the customer takes possession of and accepts the commodity.

54. OTHER CURRENT LIABILITIES

	As at 31 December	
	2023	2022
Accounts payable arising from derivative transactions	**62,462,726**	53,680,483
Accounts payable to brokers	**9,650,641**	3,960,123
Accounts payable arising from warehouse receipt pledge	**3,751,296**	1,300,173
Settlement payables to clearing house and customers	**1,253,118**	1,702,333
Bank's acceptance bill payable	**1,087,481**	523,000
Proceeds from underwriting securities received on behalf of customers	**872,661**	34,992
Dividends payable	**401,782**	229,774
Accounts payable arising from equity incentives	**361,484**	393,371
Other tax payable	**285,913**	392,525
Commission payable to other distributors	**284,282**	332,778
Advance received from issuance of financial products	**176,827**	374,101
Dividend received on behalf of customers	**124,309**	221,338
Underwriting fee payable in relation to IPO	**90,173**	90,173
Interest payable	**72,504**	52,192
Payables for the securities investor protection fund	**50,864**	52,269
Others	**1,160,986**	1,446,494
Total	**82,087,047**	64,786,119

The Group has no significant long-aging accounts payable.

55. OTHER NON-CURRENT LIABILITIES

	As at 31 December	
	2023	2022
Risk reserve for the futures brokerage business	**184,791**	170,006
Provisions	**328,898**	337,388
Total	**513,689**	507,394

56. SHARE CAPITAL

All shares issued by the Company are fully paid ordinary shares. The par value per share is RMB1 yuan. The number of shares issued by the Company and their nominal value are as follows:

	As at 31 December	
	2023	2022
At the beginning of the year	**8,906,673**	8,908,450
The conversion of convertible bonds into ordinary shares	**95**	1
Deregistration of treasury shares	**(2,157)**	(1,778)
At the end of the year	**8,904,611**	8,906,673

57. OTHER EQUITY INSTRUMENTS

	As at 31 December	
	2023	2022
Perpetual subordinated bonds (1)	**19,918,679**	14,918,679
Equity component of convertible bonds (2)	**–**	1,128,257
Total	**19,918,679**	16,046,936

(1) As approved by the CSRC, the Company issued four batches of perpetual subordinated bonds (collectively the "perpetual subordinated bonds", including "19 Guojun Y1", "20 Guojun Y1", "22 Guojun Y1" and "23 Guojun Y1") with an initial interest rate of 4.20%, 3.85%, 3.59% and 3.53% in September 2019, March 2020, July 2022 and June 2023. The actual proceeds from each of the perpetual subordinated bonds was equally RMB5 billion with a carrying amount of RMB100 per bond. The perpetual subordinated bonds have no fixed maturity dates and the Company has an option to redeem "19 Guojun Y1" and "20 Guojun Y1" at principal amounts plus any accrued interest on the fifth interest payment date or any interest payment date afterwards. The Company has an option to extend one cycle at the end of each repricing cycle, or redeem "22 Guojun Y1" and "23 Guojun Y1" in full.

The interest rate for perpetual subordinated bonds is fixed in the first 5 years and will be repriced every 5 years. The repriced interest rate is determined as the sum of the current base rate and the initial spread plus 300bp. The current base rate is defined as the average yield of 5 years treasury from the interbank fixed rate bond yield curve published on China Bond webpage 5 working days before the adjustment.

The issuer has the option to defer interest payment, except in the event of mandatory interest payments, so that at each interest payment date, the issuer may choose to defer the interest payment to the next payment date for the current period as well as all interest and accreted interest already deferred, without being subject to any limitation with respect to the number of deferrals. Of which, mandatory interest payment events are limited to dividend distributions to ordinary equity holders and reductions of registered capital.

The perpetual subordinated bonds issued by the Company are classified as equity instruments and presented under equity in the Group's statement of financial position.

During the year ended 31 December 2023 and 2022, the Company recognized dividends payable to holders of the perpetual subordinated bonds amounting to RMB759 million and RMB403 million (Note 20), respectively.

(2) Refer to Note 52 for the issuance of convertible bonds.

58. RESERVES AND RETAINED PROFITS

(1) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of face value and the difference between the considerations of the acquisition of equity interests from non-controlling shareholders and the carrying amount of the proportionate net assets.

(2) Investment revaluation reserve

Investment revaluation reserve mainly represents the fair value changes of debt instruments at fair value through other comprehensive income and equity instruments at fair value through other comprehensive income.

(3) Translation reserve

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 the income and expenses are translated at the average exchange rates or at the approximate exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in the translation reserve.

(4) Surplus reserve

The surplus reserve includes the statutory surplus reserve and discretionary surplus reserve.

Pursuant to the "Company Law of the People's Republic of China", the articles of association of the Company and the decision of the Board, the Company is required to set aside 10% of its net profit (after offsetting the accumulated losses incurred in previous years) to the statutory surplus reserve until the balance reaches 50% of the respective registered capital. Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses, and may also be converted into capital of the Company, provided that the balance of the statutory surplus reserve after such capitalization is not less than 25% of the registered capital immediately before capitalization.

58. RESERVES AND RETAINED PROFITS *(continued)*

(5) General reserve

The general reserve includes the general risk reserve and the transaction risk reserve.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007, the Company appropriates 10% of its annual net profit to the general risk reserve.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007 and in compliance with the Securities Law, for the purpose of covering securities trading losses, the Company appropriates 10% of its annual net profit to the transaction risk reserve.

In accordance with the requirements of Provisional Measures on Supervision and Administration of Risk Provision of Public Offering of Securities Investment Funds (Order of the CSRC No. 94) issued on 24 September 2013, the Group appropriates 10% of fund management fee to the general risk reserve.

(6) Retained profits

The movements in retained profits are set out below:

	Year ended 31 December	
	2023	2022 *(Restated)*
At the end of last year (as previously reported)	**56,683,126**	54,132,214
Adjustment on initial application of Amendments to IAS12	**–**	14,189
At the beginning of the year (as restated)	**56,683,126**	54,146,403
Profit for the year	**9,374,143**	11,508,784
Appropriation to general reserve	**(1,759,099)**	(2,059,238)
Dividends	**(4,719,402)**	(6,056,537)
Distribution to other equity instrument holders	**(758,500)**	(402,500)
Others	**(314,025)**	(453,786)
At the end of the year	**58,506,243**	56,683,126

59. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents

	As at 31 December	
	2023	2022
Cash on hand	**445**	468
Bank balances	**30,739,465**	30,747,456
Clearing settlement funds	**7,315,428**	7,414,914
Financial assets held under resale agreements with original maturity of less than three months	**42,981,231**	43,656,117
Financial assets at fair value through profit or loss with original maturity of less than three months	**–**	1,025,357
Less: bank deposits with original maturity of more than three months, risk reserve deposits, restricted bank balances and clearing settlement funds	**(4,116,993)**	(2,303,963)
Total	**76,919,576**	80,540,349

(b) Changes in liabilities arising from financing activities

	Loans and borrowings	Short-term debt instruments	Bonds payable	Lease liabilities
At 1 January 2022	4,340,789	46,021,302	126,767,098	1,940,108
Changes from financing cash flows	6,065,908	(32,076,032)	(446,505)	(564,860)
Interest expenses	166,783	718,959	4,679,796	69,217
Interest paid	(166,782)	(1,014,750)	(4,373,812)	(69,217)
New leases	N/A	N/A	N/A	460,221
Business combination	–	–	–	44,997
Other non-cash changes	–	–	1,257,017	4,709
At 31 December 2022	10,406,698	13,649,479	127,883,594	1,885,175
Changes from financing cash flows	1,618,096	5,458,165	6,064,839	(666,252)
Interest expenses	857,144	694,533	4,466,022	64,843
Interest paid	(856,592)	(430,083)	(4,592,297)	(64,843)
New leases	N/A	N/A	N/A	619,266
Other non-cash changes	185,896	–	203,385	(8,838)
At 31 December 2023	**12,211,242**	**19,372,094**	**134,025,543**	**1,829,351**

59. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	Year ended 31 December	
	2023	2022
Within operating activities	**42,652**	31,611
Within financing activities	**731,095**	634,077

(d) Net cash outflow arising from the acquisition of a subsidiary

	As at 4 November 2022
Total consideration paid in cash	**1,062,700**
Less: cash and cash equivalents of subsidiary acquired	**(99,094)**
Total	**963,606**

60. TRANSFERRED FINANCIAL ASSETS

In the normal course of business, the Group enters into certain transactions in which it transfers recognized financial assets to third parties or customers. If these transfers qualify for derecognition, the Group derecognizes all or part of the financial assets where appropriate. If the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognize these assets.

(1) Repurchase agreements

Transferred financial assets that do not qualify for derecognition include debt securities held by counterparties as collateral under repurchase agreements. The Group transfers the contractual rights to receive the cash flows of these securities, but has an obligation to repurchase them at the agreed date and price. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized them. In addition, they are recognized as financial assets sold under repurchase agreements.

Transferred financial assets that do not qualify for derecognition also include margin accounts receivable-backed repurchase whose beneficial rights are transferred to counterparties and repurchased by the Group at the maturity date. The Group has determined that it retains substantially all the risks and rewards of these financial assets and therefore has not derecognized them. In addition, they are recognized as financial assets sold under repurchase agreements.

60. TRANSFERRED FINANCIAL ASSETS *(continued)*

(2) Securities lending

Transferred financial assets that do not qualify for derecognition include securities lent to customers for the securities lending business, for which the customers provide the Group with collateral that could fully cover the credit risk exposure of the securities lent. The customers have an obligation to return the securities according to the contracts. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized the securities lent.

(3) Margin financing borrowing

Transferred financial assets that do not qualify for derecognition include securities transferred to CSFC. When CSFC exercises the rights attached to the securities, it shall follow the instructions of the Group. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized the securities transferred.

The following tables provide a summary of the carrying amounts related to transferred financial assets that are not derecognized in their entirety and the associated liabilities:

31 December 2023	**Repurchase agreements**	**Securities lending**	**Margin financing borrowing**
Carrying amount of transferred assets	**3,030,857**	**2,432,180**	**953,680**
Carrying amount of related liabilities	**2,932,790**	**N/A**	**N/A**

31 December 2022	Repurchase agreements	Securities lending	Margin financing borrowing
Carrying amount of transferred assets	5,841,913	3,550,974	2,595,945
Carrying amount of related liabilities	5,474,333	N/A	N/A

61. CONTINGENCIES

As at 31 December 2023, the contingent liabilities due to pending litigations amounted to RMB172,263 thousand.

62. EQUITY-SETTLED SHARE-BASED PAYMENTS

(a) Share-based payments of the Company

The Company carried out a restricted share incentive scheme of A shares whereby the Company grant restricted A shares to the incentive participants in return for their services. Details of the scheme as at 31 December 2023 are set out below:

	Year ended 31 December	
	2023	2022
Granted during the year	**–**	–
Exercised/Unlocked during the year	**–**	24,900,183
Forfeited during the year	**–**	2,156,747

As at 31 December 2023, the cumulative amount of equity-settled share-based payments recognized in the Company's capital reserve was RMB805,803 thousand. The total amount of expenses recognized for equity-settled share-based payments in the current year was RMB142,160 thousand.

The fair value of services received in return for restricted share incentive scheme is measured by reference to the fair value of shares. The estimate of the fair value of restricted shares granted is measured based on the closing price of shares at grant date.

63. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Relationship of related parties

(1) Major shareholders

Share percentage in the Company:

	As at 31 December	
	2023	2022
Shanghai State-owned Assets Operation Co., Ltd. ("Shanghai SA")	**23.06%**	23.05%
Shanghai International Group Co., Ltd. ("SIG")	**9.05%**	9.05%

63. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(a) Relationship of related parties *(continued)*

(2) Subsidiaries of the Company

The detailed information of the Company's subsidiaries is set out in Note 27.

(3) Associates and joint ventures of the Group

The detailed information of the Group's associates and joint ventures is set out in Note 29.

(4) Other related parties of the Group

Name of the related parties	Relationship of the related parties
Shenzhen Investment Holdings Co., Ltd.	Shareholder that holds more than 5% equity interest of the Company
Shanghai Guoxin Venture Investment Co., Ltd.	Shanghai SA controls the entity
Shanghai Guoxin Investment Development Co., Ltd.	Shanghai SA controls the entity
Shanghai Zhenghai Guoxin Investment Center (L.P.)	Shanghai SA controls the entity
Shanghai International Group (Hong Kong) Co., Ltd.	SIG controls the entity
New China Capital Management Co., Ltd.	The director of the Company acts as the director and president of the entity
New China Asset Management (Hong Kong) Co., Ltd.	The director of the Company acts as the vice chairman of the entity
Shanghai Pudong Development Bank Co., Ltd.	The director of the Company acts as the director of the entity
Great Wall Securities Co., Ltd.	The supervisor of the Company acts as the vice chairman of the entity
Anhui Huamao Industry Investment Co., Ltd.	The supervisor of the Company acted as the director of the entity
China Securities Credit Investment Co., Ltd.,	The senior management of the Company acts as a director of the entity
Shanghai Pudong Development Bank Financial Leasing Co., Ltd.	The senior management of Shanghai SA acts as a director of the entity
Shanghai Rural Commercial Bank	The senior management of SIG acts as a director of the entity
China Foreign Economy and Trade Trust Co., Ltd.	The trustee of a trust in favor of Shanghai SA
Guang Dong Yuecai Trust Co., Ltd.	The trustee of a trust in favor of Shanghai SA
Beijing Futaihua Investment Management Co., Ltd.	Subsidiary of a company in which Shanghai SA holds more than 30% of the shares

Other related parties can be individuals or enterprises, which include members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals.

63. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(b) Transactions between the Group and other related parties

(1) Fee and commission income from related parties

	Year ended 31 December	
Related parties	**2023**	2022
Associates and joint ventures of the Group	**107,500**	205,490
Other major related parties	**3,776**	21,138
Major shareholders and their subsidiaries	**1,049**	5,772

(2) Interest received from related parties

	Year ended 31 December	
Related parties	**2023**	2022
Other major related parties	**233,400**	113,404
Associates and joint ventures of the Group	**2,802**	31

(3) Interest paid to related parties

	Year ended 31 December	
Related parties	**2023**	2022
Other major related parties	**91,357**	58,417
Associates and joint ventures of the Group	**1,115**	17,410
Major shareholders and their subsidiaries	**74**	135

(4) Operating expenses and costs paid to related party

	Year ended 31 December	
Related party	**2023**	2022
Other major related parties	**47,939**	3,023
Associates and joint ventures of the Group	**–**	10

63. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(b) Transactions between the Group and other related parties *(continued)*

(5) Lease fees paid as lessee

	Year ended 31 December	
Related party	**2023**	2022
Associates and joint ventures of the Group	**–**	5,021

(6) Related party transactions with SIG and HuaAn Funds constitute continuing connected transactions as defined by the Hong Kong Listing Rules. In 2023, the annual caps and the actual amounts of securities and financial products transactions and financial services related continuing connected transactions with SIG and/or its associates and HuaAn Funds and/or its subsidiaries are as follows:

SIG	Year ended 31 December			
	2023		2022	
	Caps (RMB in million)	**Actual amount (RMB in million)**	Caps (RMB in million)	Actual amount (RMB in million)
Securities and financial products				
Inflow	**1,392.18**	**313.02**	6,787.10	621.10
Outflow	**1,310.93**	**715.71**	6,752.80	1,388.20
Financial services				
Revenue generated	**242.49**	**5.56**	151.90	5.86
Fees paid	**36.19**	**–**	65.10	0.19

63. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(b) Transactions between the Group and other related parties *(continued)*

(6) *(continued)*

HuaAn Funds	Year ended 31 December 2023		Period from 4 November 2022 to 31 December 2022	
	Caps (RMB in million)	**Actual amount (RMB in million)**	Caps (RMB in million)	Actual amount (RMB in million)
Securities and financial products				
Inflow	**6,324.01**	**3,770.20**	1,461.00	801.10
Outflow	**12,733.26**	**8,151.17**	3,265.00	123.40
Financial services				
Revenue generated	**256.32**	**127.99**	114.10	40.45
Fees paid	**43.94**	**6.48**	9.15	2.02

(c) Balances of related party transactions between the Group and its related parties

(1) Deposits with related parties

Related parties	As at 31 December 2023	2022
Other major related parties	**7,875,839**	8,360,033

(2) Financial assets held under resale agreements

Related parties	As at 31 December 2023	2022
Other major related parties	**47,653**	120,030

(3) Accounts payable

Related parties	As at 31 December 2023	2022
Other major related parties	**18,442**	16,723
Associates and joint ventures of the Group	**3**	–

63. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(c) Balances of related party transactions between the Group and its related parties *(continued)*

(4) Financial assets sold under repurchase agreements

	As at 31 December	
Related party	**2023**	2022
Other major related parties	**472,075**	–

(5) Bonds held by the Group

	As at 31 December	
Related parties	**2023**	2022
Major shareholders and their subsidiaries	**–**	155,552
Other major related parties	**2,104,912**	4,584,964
Associates and joint ventures of the Group	**105,923**	221,681

(6) Loans and borrowings with related parties

	As at 31 December	
Related parties	**2023**	2022
Other major related parties	**2,854,909**	703,320

(7) Derivative transactions with related parties

	As at 31 December	
Related parties	**2023**	2022
Derivative financial assets		
Associates and joint ventures of the Group	**3,128**	–
Other major related parties	**217,157**	61,516
Derivative financial liabilities		
Associates and joint ventures of the Group	**116**	23
Other major related parties	**20,590**	244,851

63. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(d) Remuneration of senior management personnel

Remuneration of senior management personnel of the Group is as follows:

	Year ended 31 December	
	2023	2022
Salaries, allowances and benefits	**7,853**	8,546
Pension scheme contributions and other social welfare	**2,891**	3,474
Discretionary bonuses	**14,519**	17,529
Restricted share incentive scheme (non-cash)	**7,987**	14,273

Further details of directors' and supervisors' emoluments are included in Note 18.

64. SEGMENT REPORTING

The Group is organized into business units based on their products and services and has six reportable operating segments as follows:

1) The wealth management segment, which mainly provides securities and futures brokerage, financial products, investment advisory, stock pledging, margin financing and securities lending, agreed securities repurchase and other services to clients.

2) The investment banking segment, which primarily includes sponsorship, equity underwriting, debt underwriting, structured debt financing, M&A financial advisory services and diversified corporate solutions to corporate and government clients.

3) The institutional and trading segment, mainly consists of research, institutional brokerage, trading and investment and equity investment. Among which, institutional brokerage mainly provides prime brokers, seat leasing, custody and outsourcing, QFII and other services to institutional clients; Our trading and investment business mainly includes investment transactions in stocks, fixed income, foreign exchange, large commodities and their derivative financial instruments, as well as providing integrated financial solutions for clients' investment, financing and risk management.

4) The investment management segment, which primarily includes asset management and fund management services to institutions and individuals.

5) The international segment conducts brokerage, corporate finance, asset management, loans and financing services, as well as financial products, market making and investment businesses mainly through GJIHL in Hong Kong, and has expanded its business presence into the United States, Europe, Southeast Asia and other regions.

6) The other segment includes government grants and other general operating expenses.

64. SEGMENT REPORTING *(continued)*

(a) Operating segments

	Year ended 31 December 2023						
	Wealth management	Investment banking	Institutional and trading	Investment management	International business	Other	Total
Segment total revenue and other income							
Fee and commission income	7,830,643	3,669,212	2,567,089	4,109,665	572,313	-	18,748,922
Interest income	9,610,974	-	4,167,913	127,947	1,728,602	141	15,635,577
Net investment gains	-	-	6,536,415	172,100	2,411,863	-	9,120,378
Other income and gains	-	-	7,648,192	64,985	(21,456)	1,107,233	8,798,954
Total revenue and other income	17,441,617	3,669,212	20,919,609	4,474,697	4,691,322	1,107,374	52,303,831
Segment expenses	(13,745,544)	(1,987,161)	(15,728,458)	(2,967,651)	(3,796,119)	(2,310,446)	(40,535,379)
Including: Interest expenses	(4,785,752)	-	(5,676,158)	(10,198)	(2,308,028)	(52,833)	(12,832,969)
Credit loss expense	(52,928)	-	(125,021)	(9,572)	(74,997)	-	(262,518)
Provision for impairment losses	-	-	(32,399)	-	-	-	(32,399)
Segment operating profit	3,696,073	1,682,051	5,191,151	1,507,046	895,203	(1,203,072)	11,768,452
Share of profits of associates and joint ventures	-	-	95,846	283,600	-	-	379,446
Segment profit before income tax	3,696,073	1,682,051	5,286,997	1,790,646	895,203	(1,203,072)	12,147,898
Income tax expense							(2,262,481)
Segment profit for the year							9,885,417
As at 31 December 2023							
Segment total assets	272,168,189	5,126,532	481,152,823	26,978,074	136,150,127	3,826,739	925,402,484
Segment total liabilities	224,133,960	2,102,600	404,802,212	3,573,287	115,770,984	1,641,431	752,024,474
Year ended 31 December 2023							
Other segment information:							
Depreciation and amortization expenses	493,728	9,300	872,838	48,940	82,705	6,941	1,514,452
Capital expenditure	379,944	7,157	671,684	37,661	63,645	5,341	1,165,432

64. SEGMENT REPORTING *(continued)*

(a) Operating segments *(continued)*

	Year ended 31 December 2022 (Restated)						
	Wealth management	Investment banking	Institutional and trading	Investment management	International business	Other	Total
Segment total revenue and other income							
Fee and commission income	8,464,497	4,215,706	2,731,146	1,644,386	676,064	–	17,731,799
Interest income	9,908,283	–	4,866,426	33,366	778,515	84	15,586,674
Net investment gains	–	–	4,449,435	(44,846)	1,133,938	–	5,538,527
Other income and gains	–	–	8,009,375	85,697	(151,883)	808,364	8,751,553
Gain on business combination	–	–	1,478,368	–	–	–	1,478,368
Total revenue and other income	18,372,780	4,215,706	21,534,750	1,718,603	2,436,634	808,448	49,086,921
Segment expenses	(12,838,983)	(2,560,294)	(15,047,730)	(1,110,771)	(2,277,407)	(1,864,345)	(35,699,530)
Including: Interest expenses	(4,361,329)	–	(5,581,613)	(8,540)	(814,623)	(55,994)	(10,822,099)
Credit loss expense	229,005	–	378,405	–	(142,835)	–	464,575
Provision for impairment losses	–	–	(20,394)	(3,867)	–	–	(24,261)
Segment operating profit	5,533,797	1,655,412	6,487,020	607,832	159,227	(1,055,897)	13,387,391
Share of profits of associates and joint ventures	–	–	74,603	677,977	–	–	752,580
Segment profit before income tax	5,533,797	1,655,412	6,561,623	1,285,809	159,227	(1,055,897)	14,139,971
Income tax expense							(2,517,168)
Segment profit for the year							11,622,803
As at 31 December 2022							
Segment total assets	267,238,543	5,613,434	447,447,126	26,586,124	109,844,123	3,978,567	860,707,917
Segment total liabilities	229,079,042	2,934,162	369,345,815	4,125,835	89,868,872	1,508,732	696,862,458
Year ended 31 December 2022							
Other segment information:							
Depreciation and amortization expenses	439,038	9,222	735,096	43,678	71,659	6,505	1,305,198
Capital expenditure	600,201	12,607	1,004,938	59,711	97,964	8,892	1,784,313

64. SEGMENT REPORTING *(continued)*

(b) Geographical segments

Total revenue	Year ended 31 December	
	2023	2022
Mainland, China	**38,792,099**	36,268,483
Hong Kong, China and overseas	**4,712,778**	2,588,517
Total	**43,504,877**	38,857,000

The Group's non-current assets are mainly located in Mainland China (country of domicile).

(c) Information about a major customer

The Group has no single customer which contributed to 10 percent or more of the Group's revenue for the years ended 31 December 2023 and 2022.

65. FINANCIAL RISK MANAGEMENT

(1) Policies for and structure of risk management

Policies for risk management

The Group faces various financial risks in the normal course of business, mainly including credit risk, liquidity risk and market risk. The Group has established policies and procedures to identify and evaluate these risks, and continually monitors these risks by setting appropriate risk limits and internal control systems and through reliable management and information systems. The Group's risk management policies include two aspects: the objective of risk management and the principles of risk management.

65. FINANCIAL RISK MANAGEMENT *(continued)*

(1) Policies for and structure of risk management *(continued)*

Policies for risk management *(continued)*

Objective for risk management

The overall objective of the Group's risk management is to establish a management mechanism that enables scientific decision-making, standardized operation, efficient management and sustainable development that can maintain the Group's financial stability and improve its market position and performance. Specifically, it includes:

- ensuring strict compliance with relevant laws, regulations and the Group's policies;
- establishing and improving corporate governance that meets current requirements, and building scientific and proper processes of decision-making, execution, supervision and feedback;
- establishing a set of robust and effective risk management policies to identify errors and fraud, close loopholes, and ensure a healthy conduct of business activities;
- setting up a proper and effective risk measurement and analysis system, which can effectively identify, measure, analyze and evaluate various risks that may arise from the normal course of business, to ensure the safety and integrity of the Group's assets;
- improving management efficiency and effectiveness, striving to keep assets secured and risks well managed based on effective control of risk.

Principles for risk management

The principles for risk management include: appropriateness, coverage, independence, effectiveness, forward looking.

Structure of risk management

The Group's risk management structure includes corporate governance structure and risk management organizational structure.

65. FINANCIAL RISK MANAGEMENT *(continued)*

(1) Policies for and structure of risk management *(continued)*

Policies for risk management *(continued)*

Corporate governance structure

According to the "Company Law", "Securities Law" and "Code of Corporate Governance for Securities Companies" and other laws and regulations, the Group has established a modern corporate governance structure that features management comprising of Shareholders' Meetings, the Board of Directors, the Board of Supervisors and the senior management. The Group manages risks by explicitly stipulating management's authorization, responsibility and business objectives, and regulating their behaviors.

Organizational structure of risk management

The Company has established a four-level risk management system consisting of the Board (including Risk Control Committee) and Supervisory Committee, operation management (including risk management committee and assets and liabilities management committee), risk management department, other business departments and branches and subsidiaries. Risk management departments include those which are specifically responsible for risk management, such as the risk management department, the internal audit risk management department, the legal compliance department, and the group audit center, as well as departments that perform other risk management duties, such as the planning and finance department, the assets and liabilities department, the IT department, the operation center and the executive office.

(2) Credit risk

The Group's cash and bank balances are mainly deposited with state-owned commercial banks or joint-stock commercial banks with adequate capital. Clearing settlement funds are mainly deposited with China Securities Depository and Clearing Corporation Limited. The credit risk on cash and cash equivalents is relatively low.

The Group primarily faces three types of credit risks: firstly, the risk of loss arising from the Group's obligation to settle on behalf of its customers in securities trading or derivative trading on the customers' accounts which become under-margined on the settlement date due to the Group's failure to require full margin deposits before the transactions or because the customers are unable to cover their transactions due to other reasons; secondly, the credit risk associated with its securities financing activities, which is the risk of losses due to defaults of its margin financing and securities lending clients, securities repurchase clients and stock-pledged financing clients; thirdly, the default risk of investments in credit products, namely the risk of asset impairment and changes in investment returns due to defaults of borrowers or issuers who refuse to repay the principal and interest when due.

65. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

In order to manage the credit risk arising from the brokerage business, securities and futures brokerage transactions in Mainland China are all settled on a full-pledged basis, which enables the Group's credit risk associated with the brokerage business to be well under control.

Credit risk arises from the margin financing and securities lending business and stock-pledged financing primarily due to fraudulent information from clients, failure of customers to repay debts in full in a timely manner, customers' breach of contracts with respect to the size and structure of trading positions, customers' violation of regulatory requirements in their trading actions, and the involvement of collateral in legal disputes, among others. The Credit Business Department of the Company and its Hong Kong subsidiary has dedicated employees who are responsible for the approval of limits of margin deposits, stock-pledged financing business, and the margin financing and securities lending business, which are updated based on the periodic assessment of customers' ability to repay. The Credit and Risk Management Department monitors the status of margin deposits and stock-pledged financing, and makes margin calls when necessary. In cases where customers fail to deposit more money as required, collateralized securities will be sold to control the risk. When determining the expected credit loss of the margin financing and securities lending business, securities repurchase and stock-pledged financing, the Group estimates the probability of default based on practical experience and historical data, sets loss given default based on industrial information and market data, and takes forward-looking factors into consideration.

In order to manage default risks associated with investments in credit products, for bond investments, the Group has established credit lines for counterparties and investment restrictions in accordance with their credit ratings. When determining the expected credit loss on bond investments, the Group estimates the probability of default based on the mapping relationship of rating, sets loss given default based on industrial information and market data, and takes forward-looking factors into consideration.

For trade receivables, the Group applies a simplified approach in calculating ECLs based on the historical credit loss experience, adjusted for related information specific to the debtors and the economic environment, etc.

For other financial assets where the simplified approach was not adopted, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs ("LTECL") that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

Both LTECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

65. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Group groups debt financial assets under the requirement of IFRS 9 into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When debt financial assets are first recognized, the Group recognizes an allowance based on 12-month ECLs. Stage 1 debt financial assets also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

- Stage 2: When debt financial assets have shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 debt financial assets also include financial assets, where the credit risk has improved and the financial assets have been reclassified from Stage 3.

- Stage 3: Debt financial assets are considered credit-impaired. The Group records an allowance for the LTECLs.

POCI: Purchased or originated credit-impaired ("POCI") assets are financial assets that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered to be a (partial) derecognition of the financial asset.

When estimating the ECLs, the Group considers different scenarios. Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted debt instruments are expected to be recovered, including the probability that the debt instruments will cure and the value of collateral or the amount that might be received for selling the asset.

For financial assets held under resale agreements and margin accounts receivable, the allowance for ECLs may significantly fluctuate due to the decline in fair value of collaterals caused by stock market volatility, which may not fully cover the receivables. The Group considers multiple factors to determine the allowance for ECLs, such as the credit situation, repayment ability of the debtor, the credit enhancement measures of the third party, the liquidity and disposal cycle of collaterals.

65. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

Criteria of significant increase in credit risk

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 considers reasonable and supportable information that is available without undue cost or effort, including qualitative and quantitative analyses based on historical data, internal and external credit risk ranking, and forward-looking information. 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, on either an individual basis or a collective basis for the underlying portfolio of financial instruments with similar credit risk characteristics, to determine the change in the risk of a default occurring over the expected life of the financial instrument.

Relevant considerations in assessing whether the credit risk on the financial instrument has increased significantly include: whether the probability of default has increased significantly at the reporting date since initial recognition, whether the borrower's operating and financial condition has significant and adverse changes, whether the maintenance margin ratio has under a force liquidation level, whether the latest rating has under investment grade. Generally, the credit risk on a financial instrument is considered to have increased significantly when the contractual payment is more than or equal to 30 days past due regardless of the way in which the Group assesses significant increases in credit risk unless the Group has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly.

65. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

Definition of credit-impaired financial asset

Credit impairment may be due to the combined effect of several events rather than a single discrete event. To determine whether a financial asset is credit-impaired, the Group considers one or more of the following both quantitative and qualitative indicators:

- The borrower is more than 90 days past due on its contractual payments;
- The collateral valuation falls short of the related loan amounts;
- The latest ratings are in default grade;
- Significant financial difficulty of the issuer or the borrower;
- The disappearance of an active market for that financial asset because of financial difficulties;
- The Group, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- Other circumstances that show financial assets are credit-impaired.

For Stock-pledged financing, based on the borrowers' credit quality, contract maturity date, the related collateral securities information, which includes the sector situation, liquidity discount factor, restrictions, concentration, volatility, maintenance margin ratio, issuers' operation condition and related information, the Group sets differentiated collateral to loan ratios (generally no less than 130%) as force liquidation thresholds against different exposures related to these transactions.

- Stock-pledged financing with maintenance margin ratio above the force liquidation thresholds, past due for no more than 30 days are classified under Stage 1;
- Stock-pledged financing with maintenance margin ratio above 100% while fall below the force liquidation thresholds, past due for more than 30 days but less than 90 days are classified under Stage 2;
- Stock-pledged financing with maintenance margin ratio fall below 100%, past due for more than 90 days are classified under Stage 3.

65. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

Key parameters for expected credit losses

Depending on whether the credit risk is significantly increased or credit-impaired, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month or lifetime expected credit losses. The key parameters for measuring expected credit losses include the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"). The Group considers the quantitative analysis of historical data (such as the credit rating of counter parties, ways of guarantee, the category of collateral, and ways of repayment, etc.) and forward-looking information, to establish a model of PD, LGD, and EAD.

Methods that is used in the calculation of expected credit losses

The Group considers PD/LGD impact on measuring expected credit losses:

- PD is an estimate of the likelihood that a borrower will be unable to meet its debt obligations over the future 12 months or the whole remaining lifetime. The Group estimates PD based on the historical default data, internal and external credit ratings and forward-looking information, etc.

- LGD is the estimated share of the exposure at default that is lost when a borrower defaults. LGD varies depending on the category of counterparties, ways and priority of recourse, and the category of collateral. LGD is the percentage of loss when default occurs;

- EAD is an estimation of the extent to which the Group may be exposed to a counterparty in the event of the counterparty's default in the future 12 months or the whole remaining lifetime;

- Forward-looking information, both the assessment of a significant increase in credit risk and calculation of expected credit losses include forward-looking information. The Group identifies the key economic factors affecting credit risk and the expected credit losses of different kinds of business based on historical data analysis. The Group forecasts economic factors periodically and applies expert judgments to determine the impact of forward-looking information on PD, etc.

For Stock-pledged financing, the Group periodically make assessments on the borrowers' credit risk based on available internal and external information, such as: historical default data, maintenance margin ratio, the liquidity, etc. Loss ratio (considers PD& LGD) applied by the Group under the 3 stages as at 31 December 2023 were as follows:

Stage 1: no less than 0.2% according to different maintenance margin ratios;

Stage 2: 0.5% to 10% according to different maintenance margin ratios;

Stage 3: Evaluate and determine the allowance for ECLs after considering the recoverable amount of each contract based on multiple factors, including qualitative and quantitative indicators such as the value of collaterals, maintenance margin ratio, the credit quality and repayment ability of the borrower, other collaterals conditions, the credit enhancement measures of the third party.

65. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

Methods that is used in the calculation of expected credit losses *(continued)*

(i) Maximum exposure to credit risk

The table below summarizes the Group's maximum exposure to credit risk without taking account of any collateral and other credit enhancements.

	As at 31 December	
	2023	2022
Debt instruments at fair value through other comprehensive income	**94,146,785**	61,189,315
Financial assets held under resale agreements	**69,666,091**	71,136,220
Financial assets at fair value through profit or loss	**174,846,244**	162,872,533
Debt investments at amortised cost	**3,614,543**	3,156,149
Refundable deposits	**56,787,627**	58,922,817
Other non-current assets	**199,939**	106,576
Accounts receivable	**16,823,117**	11,759,050
Other current assets	**944,794**	821,367
Margin accounts receivable	**89,753,965**	87,115,509
Derivative financial assets	**9,672,698**	8,232,823
Clearing settlement funds	**7,315,428**	7,414,914
Cash held on behalf of brokerage customers	**141,939,238**	158,867,961
Bank balances	**30,739,465**	30,747,456
Total maximum credit risk exposure	**696,449,934**	662,342,690

65. FINANCIAL RISK MANAGEMENT *(continued)*

(3) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities for shortage of capital or fund. The Group has adopted the following measures to manage liquidity risk:

Risk monitoring system built using net capital as the core indicator

The Group establishes a risk monitoring system using net capital as the core indicator and includes other indicators such as the risk coverage ratio, capital leverage ratio, etc. according to "Administrative Measures for Risk Control Indicators of Securities Companies". Meanwhile, the Company strictly adheres to the requirements as per "Guidance for Liquidity Risk Management of Securities Companies" and sets up a framework of the liquidity risk management which features with the liquidity coverage ratio and the net stable funding ratio as the core indicators. The Company continually monitors these indicators and maintains sufficient liquidity reserves by establishing multi-hierarchies of an efficient liquid asset management system.

Strictly controlling the scale of the proprietary trading business

The Group controls the scale of the proprietary trading business strictly. The proprietary investment to net capital ratio falls within the safety zone determined by the regulators. In addition, the Group also sets limits on the percentage of investments in securities and monitors them on a timely basis.

Implementation of risk budget

With the authorization of the Board of Directors, the Group prepares a risk budget for all businesses twice a year, i.e. at the beginning and in the middle of a year. Liquidity risk management is included as part of the risk budget.

Temporary liquidity replenishment mechanism

The Group has business cooperation with various commercial banks and obtains appropriate credit facilities, so as to establish a temporary liquidity replenishment mechanism. The commercial banks agreed to provide an overdraft facility amounting to RMB15,000 million and RMB13,000 million as at 31 December 2023 and 2022, respectively, in case of any temporary position shortage.

65. FINANCIAL RISK MANAGEMENT *(continued)*

(3) Liquidity risk *(continued)*

Temporary liquidity replenishment mechanism *(continued)*

The table below lists the maturity profiles of financial liabilities of the Group based on the remaining undiscounted contractual cash flows:

31 December 2023	**On demand**	**Within 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Financial liabilities							
Loans and borrowings	**-**	**8,993,573**	**2,074,980**	**662,664**	**106,693**	**515,210**	**12,353,120**
Short-term debt instruments	**-**	**1,103,819**	**9,647,281**	**8,836,376**	**-**	**-**	**19,587,476**
Placements from other financial institutions	**-**	**5,532,032**	**5,175,560**	**1,116,895**	**-**	**-**	**11,824,487**
Accounts payable to brokerage customers	**178,055,072**	**-**	**-**	**-**	**-**	**-**	**178,055,072**
Financial assets sold under repurchase agreements	**-**	**190,080,011**	**11,355,246**	**15,869,245**	**-**	**-**	**217,304,502**
Financial liabilities at fair value through profit or loss	**-**	**10,264,876**	**12,772,139**	**34,586,613**	**16,796,959**	**403,674**	**74,824,261**
Derivative financial liabilities	**11,180**	**1,239,325**	**2,358,279**	**5,190,631**	**1,989,997**	**699,194**	**11,488,606**
Bonds payable	**-**	**5,981,750**	**420,616**	**29,675,215**	**91,370,725**	**18,157,000**	**145,605,306**
Lease liabilities	**-**	**69,849**	**127,682**	**475,325**	**1,228,150**	**51,805**	**1,952,811**
Other current liabilities	**3,760,684**	**75,067,948**	**480,140**	**1,567,931**	**-**	**-**	**80,876,703**
Total financial liabilities	**181,826,936**	**298,333,183**	**44,411,923**	**97,980,895**	**111,492,524**	**19,826,883**	**753,872,344**

31 December 2022	On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities							
Loans and borrowings	21,483	9,845,839	4,542	23,544	109,095	545,611	10,550,114
Short-term debt instruments	–	755,535	1,946,749	11,088,728	–	–	13,791,012
Placements from other financial institutions	–	4,833,546	4,734,911	3,465,852	–	–	13,034,309
Accounts payable to brokerage customers	195,718,783	–	–	–	–	–	195,718,783
Financial assets sold under repurchase agreements	387,756	148,188,040	11,915,498	13,094,877	–	–	173,586,171
Financial liabilities at fair value through profit or loss	22,434	19,128,489	19,641,318	9,535,311	26,721,315	–	75,048,867
Derivative financial liabilities	14,011	734,119	5,083,598	3,137,097	821,618	216	9,790,659
Bonds payable	–	4,437,450	4,263,019	28,526,939	84,196,740	18,765,740	140,189,888
Lease liabilities	–	64,756	106,714	452,676	1,320,373	54,563	1,999,082
Other current liabilities	1,309,764	60,703,869	1,055,336	513,769	–	–	63,582,738
Total financial liabilities	197,474,231	248,691,643	48,751,685	69,838,793	113,169,141	19,366,130	697,291,623

65. FINANCIAL RISK MANAGEMENT *(continued)*

(4) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates, exchange rates and securities' market prices.

The Group also engages in the stock and bond underwriting business, and may commit to purchase any remaining shares or bonds in standby underwriting agreements. Under these circumstances, the Group faces the risk that the market prices of the left-over portion may fall below the subscription price due to changes in market conditions.

The Group sets the maximum exposure for market risk. The monitoring and measurement of the exposure is determined according to the principal amount and the stop-loss limit. Market risk is controlled within the predetermined range set by management.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk relates primarily to financial instruments that are interest-bearing.

The tables below summarize the interest rate risk of the Group. Financial assets and liabilities are presented with reference to the earlier of the contractual repricing dates or maturity dates, and are stated at their carrying amounts.

65. FINANCIAL RISK MANAGEMENT *(continued)*

(4) Market risk *(continued)*

(i) Interest rate risk *(continued)*

31 December 2023	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Financial assets							
Debt instruments at fair value through other comprehensive income	762,800	375,532	7,960,481	56,868,133	26,860,440	1,319,399	94,146,785
Equity Instruments at fair value through other comprehensive income	-	-	-	-	-	1,875,680	1,875,680
Debt investments at amortised cost	109,989	-	489,383	59,948	2,947,748	7,475	3,614,543
Financial assets held under resale agreements	44,802,587	3,336,874	19,492,646	1,780,530	-	253,454	69,666,091
Financial assets at fair value through profit or loss	6,640,522	5,797,592	62,140,920	71,854,604	27,416,494	198,724,108	372,574,240
Refundable deposits	879,793	-	-	-	-	55,907,834	56,787,627
Other non-current assets	-	-	-	-	-	199,939	199,939
Accounts receivable	-	-	-	-	-	16,823,117	16,823,117
Other current assets	-	-	-	-	-	944,794	944,794
Margin accounts receivable	7,695,326	25,078,847	54,995,869	-	-	1,983,923	89,753,965
Derivative financial assets	138,308	66,607	533,945	313,559	2,088	8,618,191	9,672,698
Clearing settlement funds	7,302,678	-	-	-	-	12,750	7,315,428
Cash held on behalf of brokerage customers	91,699,074	11,685,958	38,010,000	-	-	544,206	141,939,238
Cash and bank balances	26,294,859	989,579	3,355,406	-	-	100,066	30,739,910
Total	186,325,936	47,330,989	186,978,650	130,876,774	57,226,770	287,314,936	896,054,055

31 December 2023	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Financial liabilities							
Loans and borrowings	8,927,792	2,024,452	636,912	40,000	499,000	83,086	12,211,242
Short-term debt instruments	1,045,417	9,398,903	8,635,493	-	-	292,281	19,372,094
Placements from other financial institutions	5,520,884	5,112,792	1,063,723	-	-	47,503	11,744,902
Accounts payable to brokerage customers	144,241,062	-	-	-	-	33,814,010	178,055,072
Financial assets sold under repurchase agreements	189,742,127	11,175,733	15,411,113	-	-	500,617	216,829,590
Financial liabilities at fair value through profit or loss	8,667,035	12,772,139	33,078,252	16,552,410	403,674	3,350,751	74,824,261
Derivative financial liabilities	139,984	211,298	555,469	238,577	1,824	10,341,454	11,488,606
Bonds payable	5,499,504	-	26,411,256	84,001,169	16,000,934	2,112,680	134,025,543
Lease liabilities	64,821	117,748	432,702	1,164,488	49,592	-	1,829,351
Other current liabilities	-	-	-	-	-	80,876,703	80,876,703
Total	363,848,626	40,813,065	86,224,920	101,996,644	16,955,024	131,419,085	741,257,364
Interest rate sensitivity exposure	(177,522,690)	6,517,924	100,753,730	28,880,130	40,271,746	155,895,851	154,796,691

65. FINANCIAL RISK MANAGEMENT *(continued)*

(4) Market risk *(continued)*

(i) Interest rate risk *(continued)*

31 December 2022	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Financial assets							
Debt instruments at fair value through other comprehensive income	413,414	446,611	3,897,630	46,979,354	8,505,794	946,512	61,189,315
Equity Instruments at fair value through other comprehensive income	–	–	–	–	–	2,331,288	2,331,288
Debt investments at amortised cost	–	110,159	257,917	140,564	2,646,972	537	3,156,149
Financial assets held under resale agreements	45,623,489	3,315,378	21,714,018	298,307	–	185,028	71,136,220
Financial assets at fair value through profit or loss	2,405,203	8,249,079	44,836,919	79,468,275	26,311,745	170,130,023	331,401,244
Refundable deposits	1,063,211	–	–	–	–	57,859,606	58,922,817
Other non-current assets	–	–	–	–	–	106,576	106,576
Accounts receivable	–	–	–	–	–	11,759,050	11,759,050
Other current assets	–	–	103,500	–	–	717,867	821,367
Margin accounts receivable	4,649,573	26,319,598	54,305,354	–	–	1,840,984	87,115,509
Derivative financial assets	2,425	46,765	124,953	450,074	191	7,608,415	8,232,823
Clearing settlement funds	7,406,754	–	–	–	–	8,160	7,414,914
Cash held on behalf of brokerage customers	105,634,259	13,051,939	39,660,000	–	–	521,763	158,867,961
Cash and bank balances	28,525,112	231,849	1,779,200	–	–	211,763	30,747,924
Total	195,723,440	51,771,378	166,679,491	127,336,574	37,464,702	254,227,572	833,203,157

31 December 2022	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Financial liabilities							
Loans and borrowings	9,820,249	–	10,000	40,000	509,000	27,449	10,406,698
Short-term debt instruments	754,754	1,899,633	10,926,481	–	–	68,611	13,649,479
Placements from other financial institutions	4,812,803	4,688,427	3,427,652	–	–	38,323	12,967,205
Accounts payable to brokerage customers	154,314,932	–	–	–	–	41,403,851	195,718,783
Financial assets sold under repurchase agreements	148,419,131	11,739,501	12,771,812	–	–	306,238	173,236,682
Financial liabilities at fair value through profit or loss	16,884,421	19,641,318	9,535,310	26,146,872	–	2,840,946	75,048,867
Derivative financial liabilities	3,389	104,783	62,792	150,511	216	9,468,968	9,790,659
Bonds payable	3,999,810	3,998,092	25,171,827	76,673,361	15,987,963	2,052,541	127,883,594
Lease liabilities	59,570	96,814	415,091	1,261,950	51,750	–	1,885,175
Other current liabilities	37,744	–	–	–	–	63,544,994	63,582,738
Total	339,106,803	42,168,568	62,320,965	104,272,694	16,548,929	119,751,921	684,169,880
Interest rate sensitivity exposure	(143,383,363)	9,602,810	104,358,526	23,063,880	20,915,773	134,475,651	149,033,277

65. FINANCIAL RISK MANAGEMENT *(continued)*

(4) Market risk *(continued)*

(i) Interest rate risk *(continued)*

Sensitivity analysis

The Group uses sensitivity analysis to measure the impact on net interest income, fair value gains or losses and equity due to changes in interest rates. The sensitivity of net interest income represents the fluctuation of net interest income, as a result of certain changes in interest rates, arising from financial assets and liabilities held at the year end which will be repriced within the next year. The sensitivity of fair value gains or losses and equity are calculated as the fluctuations in fair values of fixed-rate financial assets that are classified at fair value through profit or loss and debt instruments at fair value through other comprehensive income, due to certain changes in interest rates.

The table below summarizes the results of the sensitivity analysis, and shows the impact on net profits and other comprehensive income (net of tax) resulting from a reasonably possible change in the interest rate, based on the assets and liabilities held as at 31 December 2023 and 2022, with all other variables held constant.

	As at 31 December			
	2023		2022	
	+50 BP	**– 50 BP**	+50 BP	– 50 BP
Change in				
– net profit	**(962,088)**	**984,326**	(660,548)	664,006
– other comprehensive income	**(994,802)**	**1,032,694**	(589,467)	608,027
Change in equity	**(1,956,890)**	**2,017,020**	(1,250,015)	1,272,033

(ii) Currency risk

Currency risk is the risk of fluctuation in the fair value of financial instruments or future cash flows arising from movements in foreign exchange rates. The Group's currency risk primarily relates to business activities denominated in foreign currencies different from the Group's functional currency, and its net investments in foreign subsidiaries.

Except for the subsidiaries incorporated in Hong Kong which hold assets mainly denominated in HKD, the assets and liabilities denominated in foreign currencies represent only an insignificant portion of the Group's entire assets and liabilities.

The Group's currency risk is not material because the net foreign currency exposure is relatively low.

65. FINANCIAL RISK MANAGEMENT *(continued)*

(4) Market risk *(continued)*

(iii) Price risk

Price risk is the risk that the fair value of equity securities declines because of unfavorable changes in the stock index level or the price of individual securities.

The Group mainly invests in listed equity securities, warrants, funds, stock futures, etc. The Group's maximum exposure to price risk is determined by the fair value of financial instruments it holds.

The above financial instruments are exposed to price risk due to fluctuations in fair values, which can be caused by factors specific to individual financial instruments or their issuers, or factors affecting all financial instruments traded in the market.

The analysis below is to show the impact on net profit and other comprehensive income (net of tax) due to changes in fair values of investments in equity securities, funds, equity derivative financial assets/liabilities, trust products, stock futures and other equity investments by 10%, based on the carrying amounts at the end of each reporting period, with all other variables held constant.

Sensitivity analysis

	As at 31 December			
	2023		2022	
	+10%	**-10%**	+10%	-10%
Change in				
– net profit	**9,621,686**	**(9,621,686)**	11,219,460	(11,219,460)
– other comprehensive income	**141,265**	**(141,265)**	175,468	(175,468)
Change in equity	**9,762,951**	**(9,762,951)**	11,394,928	(11,394,928)

65. FINANCIAL RISK MANAGEMENT *(continued)*

(5) Capital management

The Group's objectives for capital management are:

- to safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders;
- to support the Group's stability and growth;
- to maintain a strong capital base to support the development of their business; and
- to comply with the capital requirements under the PRC and Hong Kong regulations.

The Group manages and adjusts its capital structure in accordance with changes in the economic situation and risk characteristics of relevant assets. In order to maintain or adjust its capital structure, the Company may adjust profit distribution to shareholders, return capital, issue new shares, subordinated debts and convertible bonds, etc.

The Group adopts net capital as the indicator to manage its capital. Net capital is a comprehensive risk control indicator which is calculated as net assets minus risk adjustments on certain assets, liabilities and business, determined in accordance with securities companies' business scope and liquidity of their assets and liabilities.

On 23 January 2020, the CSRC issued the Calculation Rules for Risk Control Indicators of Securities Companies, which came into effect on 1 June 2020; on 20 March 2020, the CSRC issued the Administrative Measures for Risk Control Indicators of Securities Companies (2020 amended) with amendments to the framework and criteria of risk control indicators which securities companies must be continually compliant, which came into effect on 20 March 2020. Based on the rules above and other related rules issued or revised subsequently, the Company is required to meet the following standards for risk control indicators on a continual basis:

(i) the ratio of net capital divided by the sum of its various risk capital provisions shall be no less than 100%;

(ii) the ratio of net capital divided by net assets shall be no less than 20%;

(iii) the ratio of net capital divided by liabilities shall be no less than 8%;

(iv) the ratio of net assets divided by liabilities shall be no less than 10%;

(v) the ratio of the value of equity securities and derivatives held divided by net capital shall not exceed 100%;

65. FINANCIAL RISK MANAGEMENT *(continued)*

(5) Capital management *(continued)*

The Group's objectives for capital management are: *(continued)*

(vi) the ratio of the value of non-equity securities and non-equity derivatives held divided by net capital shall not exceed 500%;

(vii) the ratio of core net capital divided by total assets on and off-balance sheet shall be no less than 8%;

(viii) the ratio of high quality liquid assets divided by net cash outflows within 30 days shall be no less than 100%;

(ix) the ratio of stable funds available divided by stable funds required shall be no less than 100%; and

(x) the ratio of the value of margin financing, securities lending, stock-pledged financing and securities repurchase divided by net capital shall not exceed 400%.

Certain subsidiaries of the Company are also subject to capital requirements under the PRC and Hong Kong regulations, imposed by the CSRC and the Hong Kong Securities and Futures Commission, respectively.

66. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability could be settled, between knowledgeable and willing parties in an arm's length transaction. Methods and assumptions below are used to estimate the fair value.

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments.

(a) Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1");

(b) Fair value is based on 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) ("Level 2"); and

(c) Fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3").

66. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(1) Fair values of the financial assets and financial liabilities that are measured at fair value on a recurring basis:

31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
At fair value through profit or loss				
– Debt securities	2,009,104	154,548,047	992,293	157,549,444
– Funds	38,367,265	65,621,022	5,476,698	109,464,985
– Equity securities	59,424,607	6,558,214	3,189,504	69,172,325
– Other investments	1,626,440	29,129,843	5,631,203	36,387,486
Debt instruments at fair value through other comprehensive income				
– Debt securities	542,068	93,604,717	–	94,146,785
Equity Instruments at fair value through other comprehensive income				
– Equity securities	1,702,561	1,417	171,702	1,875,680
Derivative financial assets	965,029	8,707,669	–	9,672,698
Total	104,637,074	358,170,929	15,461,400	478,269,403
Financial liabilities at fair value through profit or loss				
At fair value through profit or loss				
– Equity securities	1,539,627	–	–	1,539,627
– Debt securities	–	1,470,697	–	1,470,697
– Others	–	142,270	–	142,270
Designated as at fair value through profit or loss				
– Debt securities	–	63,196,442	6,806,371	70,002,813
– Others	1,062,193	114,964	491,697	1,668,854
Derivative financial liabilities	640,667	10,847,939	–	11,488,606
Total	3,242,487	75,772,312	7,298,068	86,312,867

66. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(1) Fair values of the financial assets and financial liabilities that are measured at fair value on a recurring basis: *(continued)*

31 December 2022	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
At fair value through profit or loss				
– Debt securities	914,061	146,496,581	1,147,782	148,558,424
– Funds	33,710,515	57,676,142	5,593,489	96,980,146
– Equity securities	37,659,457	10,310,967	3,320,652	51,291,076
– Other investments	1,144,555	27,690,021	5,737,022	34,571,598
Debt instruments at fair value through other comprehensive income				
– Debt securities	279,271	60,910,044	–	61,189,315
Equity Instruments at fair value through other comprehensive income				
– Equity securities	2,081,878	3,097	246,313	2,331,288
Derivative financial assets	699,956	7,532,867	–	8,232,823
Total	76,489,693	310,619,719	16,045,258	403,154,670
Financial liabilities at fair value through profit or loss				
At fair value through profit or loss				
– Equity securities	543,882	–	–	543,882
– Debt securities	–	9,503,187	–	9,503,187
– Others	–	640,856	–	640,856
Designated as at fair value through profit or loss				
– Debt securities	–	55,870,959	6,833,775	62,704,734
– Others	420,047	728,148	508,013	1,656,208
Derivative financial liabilities	216,732	9,573,927	–	9,790,659
Total	1,180,661	76,317,077	7,341,788	84,839,526

During the year mentioned above, there were no significant transfers of fair value measurements between Level 1 and Level 2.

66. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(2) Valuation process and methods for specific investments

As at the end of the reporting period, the Group's valuation methods and assumptions are as follows:

Level 1

Fair value of financial investment is based on quoted prices (unadjusted) reflected in active markets for identical assets or liabilities.

Level 2

Fair value of financial investment is based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.

During the year, the Group held no changes on the valuation techniques for Level 2.

Level 3

Fair value of financial investment is based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. For certain unlisted equity securities and debt securities, the Group adopts the valuation techniques and quotation from counterparties' quotations or valuation techniques to determine the fair value. Valuation techniques include a discounted cash flow analysis, the market comparison approach, etc. The fair value measurement of these financial instruments may involve unobservable inputs such as credit spread, price to book ratio, price to earnings ratio, liquidity discount, etc. Fair value change resulting from changes in the unobservable inputs was not significant. The Finance Department periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial instruments in Level 3.

66. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(3) Movements in Level 3 financial instruments measured at fair value:

	Year ended 31 December 2023		
	Financial assets at fair value through profit or loss	**Equity instruments at fair value through other comprehensive income**	**Financial liabilities at fair value through profit or loss**
As at 1 January 2023	**15,798,945**	**246,313**	**(7,341,788)**
Gains/(losses) for the year	**56,147**	**–**	**265,057**
Changes in fair value recognized in other comprehensive income	**107,259**	**(6,954)**	**(97,272)**
Additions	**638,175**	**186**	**(54,066)**
Transfers in	**118,161**	**–**	**(180,413)**
Transfers out	**(304,724)**	**(80)**	**–**
Decreases	**(1,124,265)**	**(67,763)**	**110,414**
As at 31 December 2023	**15,289,698**	**171,702**	**(7,298,068)**

	Year ended 31 December 2022		
	Financial assets at fair value through profit or loss	Equity instruments at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss
As at 1 January 2022	13,260,475	307,721	(5,818,073)
Gains/(losses) for the year	685,304	–	(1,094,235)
Changes in fair value recognized in other comprehensive income	–	(73,469)	–
Additions	1,404,751	25,000	(1,293,064)
Transfers in	1,153,978	67	–
Transfers out	(10,906)	–	–
Decreases	(694,657)	(13,006)	863,584
As at 31 December 2022	15,798,945	246,313	(7,341,788)

66. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(4) Important unobservable input value in fair value measurement of Level 3

For financial instruments in Level 3, prices are determined using valuation techniques such as discounted cash flow models and other similar techniques. Categorization of fair value measured within Level 3 of the valuation hierarchy is generally based on the significance of the unobservable inputs to the overall fair value measurement. The following table presents the valuation techniques and inputs of major financial instruments in Level 3.

As at 31 December 2023:

Financial assets/liabilities	Fair value	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Stocks/unlisted equity investments	2,688,522	Market approach	Discount for lack of marketability	The higher the discount, the lower the fair value
Stocks/unlisted equity investments	485,708	Recent transaction price	N/A	N/A
Stocks/unlisted equity investments	102,468	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discounted rate, the lower the fair value
Stocks/unlisted equity investments	84,508	Net Asset Value	N/A	N/A
Debt investments	191,144	Market approach	Pricing multiples	The higher the pricing multiples, the higher the fair value
Debt investments	801,149	Income approach	Collateral Value	N/A
Unlisted funds	4,703,494	Net Asset Value	N/A	N/A
Unlisted funds	773,204	Market approach	Discount for lack of marketability	The higher the discount, the lower the fair value
Other investments	5,631,203	Net Asset Value	N/A	N/A
Financial liabilities	(452,663)	Market approach	Discount for lack of marketability	The higher the discount, the lower the fair value
Financial liabilities	(6,845,405)	Recent transaction price	N/A	N/A

66. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(4) Important unobservable input value in fair value measurement of Level 3 *(continued)*

As at 31 December 2022:

Financial assets/liabilities	Fair value	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Stocks/unlisted equity investments	1,344,243	Market comparable model	Discount for lack of marketability	The higher the discount, the lower the fair value
Stocks/unlisted equity investments	2,132,773	Recent transaction price	N/A	N/A
Stocks/unlisted equity investments	89,949	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discounted rate, the lower the fair value
Debt investments	175,653	Market comparable model	Pricing multiples	The higher the pricing multiples, the higher the fair value
Debt investments	972,129	Discounted cash flow model	Collateral Value	N/A
Unlisted funds	2,749,040	Net Asset Value	N/A	N/A
Unlisted funds	722,038	Market comparable model	Discount for lack of marketability	The higher the discount, the lower the fair value
Unlisted funds	2,122,411	Recent transaction price	N/A	N/A
Other investments	5,737,022	Net Asset Value	N/A	N/A
Financial liabilities	(508,013)	Market comparable model	Discount for lack of marketability	The higher the discount, the lower the fair value
Financial liabilities	(6,833,775)	Recent transaction price	N/A	N/A

The fair value of the financial instruments in Level 3 is not significantly sensitive to a reasonable change in these unobservable inputs.

66. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(5) Financial assets and liabilities not measured at fair value

As at 31 December 2023 and 31 December 2022, the carrying amounts of the Group's financial instruments carried at cost or amortized cost approximated their fair values, except for debt investments at amortised cost and bonds payable, whose carrying amounts and fair values are summarized below.

	As at 31 December 2023				
	Carrying amounts	**Fair values**	**Level 1**	**Level 2**	**Level 3**
Debt investments at amortised cost	**3,614,543**	**3,724,471**	**–**	**3,724,471**	**–**
Bonds payable	**134,025,543**	**135,563,842**	**6,286,081**	**129,277,761**	**–**

	As at 31 December 2022				
	Carrying amounts	Fair values	Level 1	Level 2	Level 3
Debt investments at amortised cost	3,156,149	3,230,273	–	3,230,273	–
Bonds payable	127,883,594	129,829,813	73,999,473	55,830,340	–

67. EVENTS AFTER THE REPORTING PERIOD

1. Issuance of short-term financing bills

On 10 January 2024, the Company has issued 1st batch of short-term financing bills. The bills are of 168 days with a nominal amount of RMB2 billion, bearing interest at 2.43% per annum.

2. Issuance of subordinated bonds

On 1 March 2024, the Company's subsidiary, Guotai Junan Futures Co., Ltd. has issued 1st batch of subordinated bonds. The bonds are of 3 years with a nominal amount of RMB1 billion, bearing interest at 2.77% per annum.

67. EVENTS AFTER THE REPORTING PERIOD *(continued)*

3. Drawdown of medium term notes

From 1 January 2024 to the date of this report, the Company's subsidiary, Guotai Junan Holdings Limited issued 3 medium-term notes with a total amount of USD35 million and RMB0.8 billion. The Company provided unconditional and irrevocable guarantee under the medium term note programme.

From 1 January 2024 to the date of this report, GJIHL issued 14 medium-term notes with a total amount of USD580.4 million and RMB1.849 billion.

68. STANDARDS AND AMENDMENTS RELEVANT TO THE GROUP THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED BEFORE THEIR EFFECTIVE DATES IN 2023

The Group has not adopted the following new standards and amendments that have been issued by the IASB but are not yet effective.

			Effective for annual periods beginning on or after
(1)	Amendments to IAS 1	Non-current liabilities with covenants and classification of liabilities as current or non-current	1 January 2024
(2)	Amendments to IFRS 16	Lease liability in a sale and leaseback	1 January 2024
(3)	Amendments to IAS 7 and IFRS 17	Supplier finance arrangements	1 January 2024
(4)	Amendments to IAS 21	Lack of exchangeability	1 January 2025

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a material impact on the Group's consolidated financial statements.

69. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December	
	2023	2022
		(Restated)
Non-current assets		
Property and equipment	**2,684,853**	1,510,995
Right-of-use assets	**1,236,704**	1,290,601
Other intangible assets	**729,392**	646,138
Investments in subsidiaries	**27,448,144**	26,965,388
Investments in associates	**4,928,706**	4,855,225
Debt instruments at fair value through other comprehensive income	**76,450,493**	50,929,592
Equity instruments at fair value through other comprehensive income	**1,550,102**	1,639,620
Financial assets held under resale agreements	**1,783,561**	298,860
Financial assets at fair value through profit or loss	**3,852,843**	4,102,149
Refundable deposits	**13,847,121**	14,692,377
Deferred tax assets	**1,763,503**	1,336,422
Other non-current assets	**161,968**	112,606
Total non-current assets	**136,437,390**	108,379,973
Current assets		
Accounts receivable	**6,451,225**	4,862,372
Other current assets	**8,345,141**	9,225,810
Margin accounts receivable	**84,532,693**	81,509,790
Debt instruments at fair value through other comprehensive income	**7,078,755**	4,480,350
Financial assets held under resale agreements	**63,002,680**	67,448,024
Financial assets at fair value through profit or loss	**265,940,677**	242,611,338
Derivative financial assets	**9,173,457**	7,014,244
Clearing settlement funds	**8,730,916**	7,994,016
Cash held on behalf of brokerage customers	**75,928,104**	86,690,419
Cash and bank balances	**20,329,917**	20,304,454
Total current assets	**549,513,565**	532,140,817
Total assets	**685,950,955**	640,520,790

69. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

	As at 31 December	
	2023	2022 *(Restated)*
Current liabilities		
Short-term debt instruments	**16,826,694**	10,268,654
Placements from other financial institutions	**11,744,902**	12,967,205
Accounts payable to brokerage customers	**79,730,022**	88,991,027
Employee benefits payable	**5,472,361**	6,432,071
Income tax payable	**727,115**	1,211,538
Financial assets sold under repurchase agreements	**191,780,268**	155,980,534
Financial liabilities at fair value through profit or loss	**26,783,279**	32,308,840
Derivative financial liabilities	**11,533,724**	9,492,608
Bonds payable	**30,298,960**	33,724,583
Contract liabilities	**64,170**	79,730
Lease liabilities	**467,715**	436,745
Other current liabilities	**64,553,171**	53,213,786
Total current liabilities	**439,982,381**	405,107,321
Net current assets	**109,531,184**	127,033,496
Total assets less current liabilities	**245,968,574**	235,413,469
Non-current liabilities		
Loans and borrowings	**549,552**	559,151
Bonds payable	**91,559,096**	85,778,869
Lease liabilities	**918,015**	1,003,165
Financial liabilities at fair value through profit or loss	**6,814,325**	8,663,667
Other non-current liabilities	**328,897**	335,976
Total non-current liabilities	**100,169,885**	96,340,828
Net assets	**145,798,689**	139,072,641
Equity		
Share capital	**8,904,611**	8,906,673
Other equity instruments	**19,918,679**	16,046,936
Treasury shares	**(361,484)**	(393,371)
Reserves	**76,472,324**	73,733,814
Retained profits	**40,864,559**	40,778,589
Total equity	**145,798,689**	139,072,641

69. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

			Reserves						
	Share capital	Other equity instruments	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Treasury Shares	Retained profits	Total
At 31 December 2022 (restated)	8,906,673	16,046,936	44,619,271	208,626	7,172,529	21,733,388	(393,371)	40,778,589	139,072,641
Profit for the year	-	-	-	-	-	-	-	6,969,042	6,969,042
Other comprehensive income for the year	-	-	-	92,823	-	-	-	-	92,823
Total comprehensive income for the year	-	-	-	92,823	-	-	-	6,969,042	7,061,865
Issue of perpetual bonds	-	5,000,000	(19,623)	-	-	-	-	-	4,980,377
Appropriation to general reserve	-	-	-	-	-	1,393,808	-	(1,393,808)	-
Dividends	-	-	-	-	-	-	-	(4,719,402)	(4,719,402)
Distribution to other equity instrument holders	-	-	-	-	-	-	-	(758,500)	(758,500)
Other comprehensive income that has been reclassified to retained profits	-	-	-	11,362	-	-	-	(11,362)	-
Conversion of convertible bonds	95	(1,128,257)	1,130,011	-	-	-	-	-	1,849
Shares repurchased	-	-	-	-	-	-	(14,188)	-	(14,188)
Deregistration of treasury shares	(2,157)	-	(12,031)	-	-	-	14,188	-	-
Equity-settled share-based payments	-	-	142,160	-	-	-	31,887	-	174,047
At 31 December 2023	8,904,611	19,918,679	45,859,788	312,811	7,172,529	23,127,196	(361,484)	40,864,559	145,798,689

69. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

	Share capital	Other equity instruments	Reserves: Capital reserve	Reserves: Investment revaluation reserve	Reserves: Surplus reserve	Reserves: General reserve	Treasury Shares	Retained profits	Total
At 31 December 2021	8,908,450	11,071,656	44,354,202	622,207	7,172,529	19,897,884	(638,820)	39,930,079	131,318,187
Adjustment on initial application of Amendments to IAS12	–	–	–	–	–	3,547	–	14,189	17,736
As at 1 January 2022	8,908,450	11,071,656	44,354,202	622,207	7,172,529	19,901,431	(638,820)	39,944,268	131,335,923
Profit for the year	–	–	–	–	–	–	–	9,159,783	9,159,783
Other comprehensive income for the year	–	–	–	(448,049)	–	–	–	–	(448,049)
Total comprehensive income for the year	–	–	–	(448,049)	–	–	–	9,159,783	8,711,734
Issue of perpetual bonds	–	4,975,283	–	–	–	–	–	–	4,975,283
Appropriation to general reserve	–	–	–	–	–	1,831,957	–	(1,831,957)	–
Dividends	–	–	–	–	–	–	–	(6,056,537)	(6,056,537)
Distribution to other equity instrument holders	–	–	–	–	–	–	–	(402,500)	(402,500)
Other comprehensive income that has been reclassified to retained profits	–	–	–	34,468	–	–	–	(34,468)	–
Conversion of convertible bonds	1	(3)	21	–	–	–	–	–	19
Deregistration of treasury shares	(1,778)	–	(10,810)	–	–	–	12,588	–	–
Equity-settled share-based payments	–	–	275,858	–	–	–	232,861	–	508,719
At 31 December 2022 (restated)	8,906,673	16,046,936	44,619,271	208,626	7,172,529	21,733,388	(393,371)	40,778,589	139,072,641

70. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Directors on 28 March 2024.

INDEPENDENT AUDITOR'S REPORT

to the shareholders of Guotai Junan Securities Co., Ltd.
(Established in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Guotai Junan Securities Co., Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 232 to 383, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including 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 International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Consolidation of structured entities

Refer to Note 29 to the consolidated financial statements and the accounting policies in Note 2.2.

The Key Audit Matter	How the matter was addressed in our audit
Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. The Group may acquire or retain an ownership interest in, or act as a sponsor of, a structured entity through issuing or acquiring a wealth management product, an investment fund, an asset management scheme, a trust scheme or an asset-backed security. In determining whether a structured entity is required to be consolidated by the Group, management is required to consider the power the Group is able to exercise over the activities of the entity and its exposure to and ability to influence its own returns from the entity. In certain circumstances, the Group may be required to consolidate a structured entity even though it has no equity interest therein. The factors which management needs to consider when determining whether a structured entity should be consolidated or not are not purely quantitative and need to be considered collectively.	Our audit procedures to assess the consolidation of structured entities includes the following: • making enquiries of management and inspecting relevant documents used by management relating to the judgement process over whether a structured entity is consolidated or not to assess whether the Group has an appropriate process in this regard; • selecting a sample of structured entities for each key product type and performing the following procedures for each item selected: — inspecting the related contracts and internal documents to understand the purpose of the establishment of the structured entity and the involvement the Group has with the structured entity and to assess management's judgement over whether the Group has the ability to exercise power over the structured entity;

Consolidation of structured entities

Refer to Note 29 to the consolidated financial statements and the accounting policies in Note 2.2.

The Key Audit Matter	How the matter was addressed in our audit
We identified the consolidation of structured entities as a key audit matter because it involves significant management judgement in determining whether a structured entity is required to be consolidated by the Group or not and because the impact of consolidating a structured entity on the consolidated statement of financial position could be significant.	— evaluating the risk and reward structure of the structured entity including any capital or return guarantee, commission paid and distribution of the returns to assess management's judgement as to exposure, or rights, to variable returns from the Group's involvement in such an entity; — evaluating management's analysis of the structured entity including qualitative analysis and calculations of the magnitude and variability associated with its economic interests in the structured entity to assess management's judgement over the Group's ability to influence its own returns from the structured entity; — evaluating management's judgement over whether the structured entity should be consolidated or not; • assessing the disclosures in the consolidated financial statements in relation to structured entities with reference to the requirements of the prevailing accounting standards.

Loss allowances of financial assets measured at amortised cost

Refer to Note 31, 34, 41 to the consolidated financial statements and the accounting policies in Note 3.12.

The Key Audit Matter	How the matter was addressed in our audit
The determination of loss allowances using the expected credit loss model is subject to a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, exposures at default, economic indicators for forward-looking adjustment an other adjustment factors. Management judgment is involved in the selection of those parameters and the application of the assumptions. In particular, the determination of the loss allowances is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. The expected credit losses for financial assets measured at amortised cost are derived from estimates whereby management takes into consideration historical overdue data, the historical loss experience and other adjustment factors.	Our audit procedures to assess loss allowances of financial assets measured at amortised cost includes the following: • understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of financial assets measured at amortised cost, the credit grading process and the measurement of loss allowances; • assessing the reliability of the expected credit loss model used by management in determining loss allowances, including assessing the appropriateness of the key parameters and assumptions in the expected credit loss model, including the identification of loss stages, probability of default, loss given default, exposure at default, adjustments for forward-looking information and other management adjustments;

Loss allowances of financial assets measured at amortised cost

Refer to Note 31, 34, 41 to the consolidated financial statements and the accounting policies in Note 3.12.

The Key Audit Matter

Management also exercises judgement in determining the quantum of loss given default based on a range of factors. These include available remedies for recovery, the financial situation of the borrower, the recoverable amount of collateral, the seniority of the claim and the existence and cooperativeness of other creditors. When listed stocks are involved as collateral, price volatility of the stock, the liquidity, the stock holding concentration of the borrower, the loan balances to collateral ratio and the operation of the issuer will also be taken into account in the judgement.

We identified loss allowances of financial assets measured at amortised cost as a key audit matter because of the inherent uncertainty and management judgment involved and because of its significance to the financial results and capital of the Group.

How the matter was addressed in our audit

- assessing the completeness and accuracy of data used for the key parameters in the expected credit loss model. For key parameters derived from internal data relating to original agreements, we compared the total balance of the financial asset list used by management to assess the allowances for impairment with the general ledger; selecting financial assets and comparing investment information with the underlying agreements and other related documentation to assess the accuracy of compilation of the asset list. For key parameters derived from external data, we selected samples to inspect the accuracy of such data by comparing them with external sources;

- for key parameters involving judgement, critically assessing input parameters by seeking evidence from external sources and comparing to the Group's internal records. We compared the economic factors used in the models with market information to assess whether they were aligned with market and economic development;

Loss allowances of financial assets measured at amortised cost

Refer to Note 31, 34, 41 to the consolidated financial statements and the accounting policies in Note 3.12.

The Key Audit Matter	How the matter was addressed in our audit
	• evaluating the validity of management's assessment on whether the credit risk of the financial assets has, or has not, increased significantly since initial recognition and whether the financial assets is credit-impaired by selecting risk-based samples. On a sample basis, we checked the financial assets overdue information, understanding the credit situation and the collateral to loan ratio of the borrowers; • for selected samples of the financial assets measured at amortised cost that are credit- impaired, evaluating the reasonableness of loss given default. We also evaluated the forecast cash flows, challenged the viability of the Group's recovery plans and evaluated other credit enhancements that are integral to the contract terms; • recalculating the amount of credit loss allowance for 12 months and life time credit losses using the expected credit loss model based on the above parameters and assumptions for a sample of financial assets measured at amortised cost where the credit risk has not, or has, increased significantly since initial recognition, respectively; and • evaluating whether the disclosures on impairment of financial assets measured at amortised cost meet the disclosure requirements of prevailing accounting standards.

Assessing the fair value of financial instruments

Refer to Note 67 to the consolidated financial statements and the accounting policies in Note 3.3.

The Key Audit Matter

The valuation of the Group's financial instruments is based on a combination of market data and valuation models which often require a considerable number of inputs.

Many of these inputs are obtained from readily available data for liquid markets. Where such observable data is not readily available, as in the case of certain level 3 financial instruments, estimates need to be developed which can involve significant management judgement.

We identified assessing the fair value of financial instruments as a key audit matter because of the degree of complexity involved in valuing certain financial instruments and because of the significant degree of judgement exercised by management in determining the inputs used in the valuation models.

How the matter was addressed in our audit

Our audit procedures to assess the fair value of financial instruments includes the following:

- assessing the design, implementation and operating effectiveness of key internal controls over the valuation, independent price verification and valuation model approval for financial instruments;
- assessing the fair values of, for a sample of financial instruments traded in active markets by comparing the fair values applied by the Group with publicly available market data;
- reading investment agreements entered into during the current year, for a sample of level 2 and level 3 financial instruments to understand the relevant investment terms and identify any conditions that were relevant to the valuation of financial instruments;
- engaging KPMG valuation specialists to assist us in evaluating the valuation models used by the Group to value certain level 2 and level 3 financial instruments and to perform, on a sample basis, independent valuations of level 2 and level 3 financial instruments and compare these valuations with the Group's valuations. This included comparing the Group's valuation models with our knowledge of current market practice, testing inputs to the fair value calculations and establishing our own valuation models to perform revaluations; and
- evaluating the reasonableness of the disclosures on fair values of financial instruments with reference to the requirements of the prevailing accounting standards.

Goodwill impairment assessment relating to HuaAn Funds

Refer to Note 26 to the consolidated financial statements and the accounting policies in Note 3.2.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2022, the carrying amount of goodwill was RMB4,071 million, primarily resulting from the acquisition of Huaan Fund Management Co., Ltd. ("HuaAn Funds") (RMB4,050 million). Management performs goodwill impairment assessment annually. In performing an impairment assessment, management calculates the recoverable amount for each of the Group's cash generating units ("CGUs"). Management considers HuaAn Funds as a separate CGU and assessed the recoverable amount of HuaAn Funds by applying a discounted cash flow ("DCF") model to determine the value in use, and involves the use of key assumptions and inputs, including revenue growth rate, terminal growth rate and discount rate, which requires significant management judgement. We identified goodwill impairment assessment relating to HuaAn Funds as a key audit matter because of its significance to the financial statements, the significant management judgements and estimates involved, and the fact that these judgements are inherently uncertain and might be affected by management's bias.	Our audit procedures to assess goodwill impairment relating to HuaAn Funds included the following: • based on our understanding on the Group's business and prevailing accounting standards, assessing management's identification of CGU and how management allocates goodwill to each CGU; • involving KPMG valuation specialist to evaluate the appropriateness the method with reference to the requirements of the prevailing accounting standards and the reasonableness of the assumptions, including discount rate the management used when estimating the cash flows of HuaAn Funds; • assessing the appropriateness of the key assumptions and judgments applied, including estimated revenue, growth rate and terminal growth rate adopted in the discounted cash flow forecast of HuaAn Funds by comparing with approved budgets and industry's statistics; • performing sensitivity analyses on the discount rate and other key assumptions adopted by management to assess the impact of the impairment test result arising from the change in key assumption and whether there is any indication of management bias; and • assessing the reasonableness of the disclosures in the consolidated financial statements in relation to goodwill impairment with reference to the requirements of the prevailing accounting standards.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, 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.

- 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 Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Siu Tung.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

29 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022
(Amounts expressed in thousands of RMB unless otherwise stated)

		Year ended 31 December	
	Note	**2022**	2021
Revenue			
Fee and commission income	6	**17,731,799**	19,880,642
Interest income	7	**15,586,674**	15,752,963
Net investment gains	8	**5,538,527**	10,300,204
Total revenue		**38,857,000**	45,933,809
Gain on business combination	9	**1,478,368**	–
Gain on losing control of a subsidiary	10	**–**	1,138,769
Other income and gains	11	**8,751,553**	9,338,609
Total revenue and other income		**49,086,921**	56,411,187
Fee and commission expenses	12	**(3,532,038)**	(3,930,995)
Interest expenses	13	**(10,822,099)**	(10,162,410)
Staff costs	14	**(9,537,139)**	(10,286,478)
Depreciation and amortization expenses	15	**(1,305,198)**	(1,267,222)
Tax and surcharges		**(214,789)**	(190,678)
Other operating expenses and costs	16	**(10,728,581)**	(11,658,102)
Provision for impairment losses		**(24,261)**	(721)
Reversal/(accrual) of credit loss expenses	17	**464,575**	(341,023)
Total expenses		**(35,699,530)**	(37,837,629)
Operating profit		**13,387,391**	18,573,558
Share of profits of associates and joint ventures		**752,580**	538,723
Profit before income tax		**14,139,971**	19,112,281
Income tax expense	18	**(2,518,802)**	(3,809,739)

The accompanying notes form part of the consolidated financial statements.

	Note	Year ended 31 December 2022	2021
Profit for the year		**11,621,169**	15,302,542
Attributable to:			
Equity holders of the Company		**11,507,150**	15,013,480
Non-controlling interests		**114,019**	289,062
Total		**11,621,169**	15,302,542
Earnings per share attributable to ordinary equity holders of the Company (expressed in Renminbi yuan per share)	22		
– Basic		**1.24**	1.65
– Diluted		**1.23**	1.62

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022
(Amounts expressed in thousands of RMB unless otherwise stated)

	Year ended 31 December	
	2022	2021
Profit for the year	**11,621,169**	15,302,542
Other comprehensive income for the year		
Other comprehensive income that may be reclassified to profit or loss:		
Debt instruments at fair value through other comprehensive income		
– Net changes in fair value	**126,730**	369,144
– Changes in allowance for expected credit losses	**18,121**	114,265
– Reclassified to profit or loss	**(461,695)**	(241,046)
– Income tax impact	**65,390**	(65,753)
Share of other comprehensive income of associates and joint ventures		
– Share of other comprehensive income	**(48,448)**	68,431
Exchange differences on translation of financial statements in foreign currencies	**1,166,835**	(307,169)
Total items that may be reclassified to profit or loss	**866,933**	(62,128)
Other comprehensive income that will not be reclassified to profit or loss:		
Equity instruments at fair value through other comprehensive income		
– Net changes in fair value	**(684,603)**	(608,843)
– Income tax impact	**158,948**	150,163
Share of other comprehensive income of associates and joint ventures		
– Share of other comprehensive income	**(181)**	271,290
– Income tax impact	**994**	(66,968)
Total items that will not be reclassified to profit or loss	**(524,842)**	(254,358)
Other comprehensive income for the year, net of tax	**342,091**	(316,486)
Total comprehensive income for the year	**11,963,260**	14,986,056
Attributable to:		
Equity holders of the Company	**11,548,845**	14,786,670
Non-controlling interests	**414,415**	199,386
Total	**11,963,260**	14,986,056

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

(Amounts expressed in thousands of RMB unless otherwise stated)

		As at 31 December	
	Note	**2022**	2021
Non-current assets			
Property and equipment	23	**3,176,858**	2,940,786
Investment property	24	**1,094,163**	973,275
Right-of-use assets	25	**2,388,079**	2,486,964
Goodwill	26	**4,070,761**	20,896
Other intangible assets	27	**733,799**	662,890
Investments in associates	30	**6,362,391**	7,434,717
Investments in joint ventures	30	**5,081,873**	5,492,824
Debt investments at amortised cost	31	**2,787,707**	–
Debt instruments at fair value through other comprehensive income	32	**56,359,547**	55,034,775
Equity instruments at fair value through other comprehensive income	33	**2,331,288**	2,480,358
Financial assets held under resale agreements	34	**298,860**	1,893,344
Financial assets at fair value through profit or loss	35	**21,126,943**	19,946,824
Refundable deposits	36	**58,922,817**	40,795,692
Deferred tax assets	37	**2,437,814**	1,845,465
Other non-current assets	38	**154,482**	103,751
Total non-current assets		**167,327,382**	142,112,561
Current assets			
Accounts receivable	39	**11,759,050**	9,312,022
Other current assets	40	**2,913,113**	2,911,292
Margin accounts receivable	41	**87,115,509**	109,287,307
Debt investments at amortised cost	31	**368,442**	–
Debt instruments at fair value through other comprehensive income	32	**4,829,768**	11,803,641
Financial assets held under resale agreements	34	**70,837,360**	57,689,409
Financial assets at fair value through profit or loss	35	**310,274,301**	264,438,237
Derivative financial assets	42	**8,232,823**	4,157,399
Clearing settlement funds	43	**7,414,914**	6,726,022
Cash held on behalf of brokerage customers	44	**158,867,961**	151,178,698
Cash and bank balances	45	**30,747,924**	31,656,227
Total current assets		**693,361,165**	649,160,254
Total assets		**860,688,547**	791,272,815

The accompanying notes form part of the consolidated financial statements.

	Note	As at 31 December 2022	2021
Current liabilities			
Loans and borrowings	46	**9,847,547**	4,340,789
Short-term debt instruments	47	**13,649,479**	46,021,302
Placements from other financial institutions	48	**12,967,205**	12,108,833
Accounts payable to brokerage customers	49	**195,718,783**	172,483,608
Employee benefits payable	50	**9,057,704**	8,424,175
Income tax payable		**1,698,975**	2,015,777
Financial assets sold under repurchase agreements	51	**173,236,682**	164,884,092
Financial liabilities at fair value through profit or loss	52	**48,327,552**	33,950,820
Derivative financial liabilities	42	**9,790,659**	9,752,873
Bonds payable	53	**33,724,583**	32,246,542
Contract liabilities	54	**96,601**	–
Lease liabilities	25	**571,474**	510,987
Other current liabilities	55	**64,786,119**	43,915,745
Total current liabilities		**573,473,363**	530,655,543
Net current assets		**119,887,802**	118,504,711
Total assets less current liabilities		**287,215,184**	260,617,272
Non-current liabilities			
Loans and borrowings	46	**559,151**	–
Bonds payable	53	**94,159,011**	94,520,556
Lease liabilities	25	**1,313,701**	1,429,121
Deferred tax liabilities	37	**128,523**	111,309
Financial liabilities at fair value through profit or loss	52	**26,721,315**	13,538,712
Other non-current liabilities	56	**507,394**	380,982
Total non-current liabilities		**123,389,095**	109,980,680
Net assets		**163,826,089**	150,636,592

The accompanying notes form part of the consolidated financial statements.

	Note	As at 31 December	
		2022	2021
Equity			
Share capital	57	**8,906,673**	8,908,450
Other equity instruments	58	**16,046,936**	11,071,656
Treasury shares		**(393,371)**	(638,820)
Reserves	59	**76,471,100**	73,650,165
Retained profits	59	**56,667,630**	54,132,214
Equity attributable to equity holders of the Company		**157,698,968**	147,123,665
Non-controlling interests		**6,127,121**	3,512,927
Total equity		**163,826,089**	150,636,592

Approved and authorized for issue by the Board of Directors on 29 March 2023.

He Qing	**Wang Song**
Chairman	*Executive Director*

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2022

(Amounts expressed in thousands of RMB unless otherwise stated)

	Attributable to equity shareholders of the Company											
	Share capital	Other equity instruments	Capital reserve	Investment revaluation reserve	Translation reserve	Surplus reserve	General reserve	Treasury shares	Retained profits	Total	Non-controlling interests	Total equity
At 31 December 2021	8,908,450	11,071,656	45,802,519	(344,632)	(515,131)	7,172,530	21,534,879	(638,820)	54,132,214	147,123,665	3,512,927	150,636,592
Profit for the year	-	-	-	-	-	-	-	-	11,507,150	11,507,150	114,019	11,621,169
Other comprehensive income for the year	-	-	-	(820,869)	862,564	-	-	-	-	41,695	300,396	342,091
Total comprehensive income for the year	-	-	-	(820,869)	862,564	-	-	-	11,507,150	11,548,845	414,415	11,963,260
Issue of perpetual bonds	-	4,975,283	-	-	-	-	-	-	-	4,975,283	-	4,975,283
Appropriation to general reserve	-	-	-	-	-	-	2,058,911	-	(2,058,911)	-	-	-
Dividends (Note 21)	-	-	-	-	-	-	-	-	(6,056,537)	(6,056,537)	-	(6,056,537)
Distribution to other equity instrument holders (Note 21)	-	-	-	-	-	-	-	-	(402,500)	(402,500)	-	(402,500)
Distribution to non-controlling shareholders and other equity instrument holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(110,448)	(110,448)
Other comprehensive income that has been reclassified to retained profits	-	-	-	453,786	-	-	-	-	(453,786)	-	-	-
Conversion of convertible bonds	1	(3)	21	-	-	-	-	-	-	19	-	19
Shares repurchased	-	-	-	-	-	-	-	-	-	-	(48,954)	(48,954)
Deregistration of treasury shares	(1,778)	-	(10,810)	-	-	-	-	12,588	-	-	-	-
Equity-settled share-based payments	-	-	275,858	-	-	-	-	232,861	-	508,719	-	508,719
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	2,360,296	2,360,296
Others	-	-	1,474	-	-	-	-	-	-	1,474	(1,115)	359
At 31 December 2022	8,906,673	16,046,936	46,069,062	(711,715)	347,433	7,172,530	23,593,790	(393,371)	56,667,630	157,698,968	6,127,121	163,826,089

The accompanying notes form part of the consolidated financial statements.

	Attributable to equity shareholders of the Company											
	Share capital	Other equity instruments	Capital reserve	Investment revaluation reserve	Translation reserve	Surplus reserve	General reserve	Treasury shares	Retained profits	Total	Non-controlling interests	Total equity
At 31 December 2020	8,908,448	11,071,661	45,571,238	(258,237)	(289,853)	7,172,530	19,449,920	(776,909)	46,504,462	137,353,260	8,884,558	146,237,818
Profit for the year	-	-	-	-	-	-	-	-	15,013,480	15,013,480	289,062	15,302,542
Other comprehensive income for the year	-	-	-	(1,532)	(225,278)	-	-	-	-	(226,810)	(89,676)	(316,486)
Total comprehensive income for the year	-	-	-	(1,532)	(225,278)	-	-	-	15,013,480	14,786,670	199,386	14,986,056
Issue of perpetual bonds	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation to general reserve	-	-	-	-	-	-	2,617,572	-	(2,617,572)	-	-	-
Dividends (Note 21)	-	-	-	-	-	-	-	-	(4,983,132)	(4,983,132)	-	(4,983,132)
Distribution to other equity instrument holders (Note 21)	-	-	-	-	-	-	-	-	(402,500)	(402,500)	-	(402,500)
Distribution to non-controlling shareholders and other equity instrument holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(212,242)	(212,242)
Other comprehensive income that has been reclassified to retained profits	-	-	-	(185,354)	-	-	-	-	185,354	-	-	-
Conversion of convertible bonds	2	(5)	27	-	-	-	-	-	-	24	-	24
Equity transactions with minority stockholder	-	-	-	-	-	-	-	-	-	-	10,471,005	10,471,005
Acquisition of treasury shares	-	-	-	-	-	-	-	(12,588)	-	(12,588)	-	(12,588)
Equity-settled share-based payments	-	-	207,170	-	-	-	-	150,677	-	357,847	-	357,847
Lost control of a subsidiary	-	-	-	100,491	-	-	(532,613)	-	432,122	-	(15,819,404)	(15,819,404)
Others	-	-	24,084	-	-	-	-	-	-	24,084	(10,376)	13,708
At 31 December 2021	8,908,450	11,071,656	45,802,519	(344,632)	(515,131)	7,172,530	21,534,879	(638,820)	54,132,214	147,123,665	3,512,927	150,636,592

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2022

(Amounts expressed in thousands of RMB unless otherwise stated)

	Year ended 31 December	
	2022	2021
Cash flows from operating activities:		
Profit before income tax	**14,139,971**	19,112,281
Adjustments for:		
Interest expenses	**10,822,099**	10,162,410
Share of profits of associates and joint ventures	**(752,580)**	(538,723)
Depreciation and amortization expenses	**1,305,198**	1,267,222
Provision for impairment losses	**24,261**	721
(Reversal)/accrual of credit loss expenses	**(464,575)**	341,023
Equity-settled share-based payment expenses	**276,216**	307,475
Net losses/(gains) on disposal of property and equipment	**1,850**	(28,445)
Foreign exchange (gains)/losses	**(118,031)**	71,625
Gain on business combination	**(1,478,368)**	–
Lost control of a subsidiary	**–**	(1,138,769)
Gain from the acquisition of associate's equity	**(95,501)**	–
Net realized gains from financial instruments at fair value through other comprehensive income	**(465,658)**	(234,192)
Interest income and other income from financial assets at fair value through other comprehensive income	**(2,087,761)**	(2,921,241)
Interest income from debt investments at amortised cost	**(18,707)**	–
Interest income from time deposits	**(1,334,573)**	(1,054,812)
Unrealized fair value changes in financial instruments at fair value through profit or loss	**1,605,756**	(52,363)
Unrealized fair value changes in derivatives	**(2,118,404)**	(306,205)
	19,241,193	24,988,007

The accompanying notes form part of the consolidated financial statements.

	Year ended 31 December	
	2022	2021
Cash flows from operating activities:		
Increase in accounts payable to brokerage customers	**21,965,622**	33,012,192
Increase in financial assets sold under repurchase agreements	**8,166,971**	27,663,593
Increase in other liabilities	**20,888,410**	19,511,333
(Decrease)/increase in employee benefits payable	**(461,610)**	1,213,646
Decrease in financial assets held under resale agreements	**305,131**	822,490
Increase in financial instruments at fair value through profit or loss and derivative financial instruments	**(15,282,797)**	(52,065,981)
Increase in cash held on behalf of brokerage customers	**(6,443,175)**	(26,538,131)
Decrease/(increase) in margin accounts receivable	**22,442,654**	(18,225,579)
Increase in refundable deposits	**(18,086,528)**	(14,536,660)
Increase in accounts receivable, other current assets and other non-current assets	**(1,089,727)**	(2,796,538)
Increase/(decrease) in placements from other financial institutions	**829,206**	(1,687,556)
Cash generated from/(used in) operations	**52,475,350**	(8,639,184)
Income taxes paid	**(3,184,687)**	(3,141,908)
Interest paid	**(4,969,451)**	(5,006,196)
Net cash generated from/(used in) operating activities	**44,321,212**	(16,787,288)

The accompanying notes form part of the consolidated financial statements.

	Note	Year ended 31 December 2022	2021
Cash flows from investing activities:			
Proceeds from disposal of financial assets at fair value through other comprehensive income and other investments		**39,043,883**	47,596,773
Dividends and interest received from financial assets at fair value through other comprehensive income and other investments		**3,745,701**	3,955,218
Proceeds from disposal of property and equipment, other intangible assets and other non-current assets		**11,239**	11,404
Purchases of financial assets at fair value through other comprehensive income and other investments		**(38,378,364)**	(46,464,838)
Purchases of property and equipment, other intangible assets and other non-current assets		**(1,784,313)**	(853,839)
Acquisition of subsidiary, net of cash paid	60(d)	**(963,606)**	–
Lost control of a subsidiary		**–**	(4,024,369)
Net cash generated from investing activities		**1,674,540**	220,349

The accompanying notes form part of the consolidated financial statements.

	Note	Year ended 31 December 2022	2021
Cash flows from financing activities:			
Proceeds from loans and borrowings		**54,621,235**	65,641,053
Proceeds from issuance of bonds payable		**30,205,500**	65,457,129
Proceeds from issuance of short-term debt instruments		**28,823,913**	69,786,347
Proceeds from issuance of a perpetual bond		**4,995,000**	–
Proceeds from issuance of shares upon placement by a subsidiary		**–**	10,468,020
Cash received from restricted share incentive scheme of A shares		**–**	79,500
Repayment of debt securities issued		**(91,868,658)**	(98,709,530)
Repayment of loans and borrowings		**(48,556,578)**	(73,423,960)
Dividends paid		**(6,564,280)**	(5,848,030)
Interest paid		**(5,437,460)**	(4,317,224)
Capital element of lease rentals paid		**(564,860)**	(522,392)
Interest element of lease rentals paid		**(69,217)**	(78,149)
Purchase of treasury shares		**(48,954)**	(12,588)
Cash used in other financing activities		**(170,709)**	(80,000)
Net cash (used in)/generated from financing activities		**(34,635,068)**	28,440,176
Net increase in cash and cash equivalents		**11,360,684**	11,873,237
Cash and cash equivalents at the beginning of the year		**68,644,484**	56,823,676
Effect of foreign exchange rate changes		**535,181**	(52,429)
Cash and cash equivalents at the end of the year	60(a)	**80,540,349**	68,644,484

The accompanying notes form part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022
(Amounts expressed in thousands of RMB unless otherwise stated)

1. GENERAL INFORMATION

On 25 September 1992, with the approval of the People's Bank of China (the "PBOC"), Guotai Securities Co., Ltd. (國泰證券有限公司) was established in Shanghai, the People's Republic of China (the "PRC"). On 12 October 1992, with the approval of the PBOC, Junan Securities Co., Ltd. (君安證券有限責任公司) was established in Shenzhen, the PRC. On 20 May 1999, as approved by the China Securities Regulatory Commission (the "CSRC"), Guotai Securities Co., Ltd. merged with Junan Securities Co., Ltd. to set up a new company, Guotai Junan Securities Co., Ltd. (國泰君安証券股份有限公司) (the "Company") in Shanghai, the PRC. On 13 August 2001, the Company spun off its non-security business and related assets and liabilities to a newly established company, and continued to use the name of Guotai Junan Securities Co., Ltd. (國泰君安証券股份有限公司).

The Company publicly issued A shares and was listed on the Shanghai Stock Exchange on 26 June 2015, with the stock code 601211. On 11 April 2017, the Company issued H shares which are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"), with the stock code 02611.

The registered office of the Company is located at No. 618 Shangcheng Road, China (Shanghai) Pilot Free-Trade Zone, Shanghai, PRC.

The Company and its subsidiaries (collectively referred to as the "Group") is principally engaged in securities brokerage, securities proprietary trading, securities underwriting and sponsorship, securities investment consultation, the financial advisory business relating to securities trading and securities investment, margin financing and securities lending, the agency sale of securities investment funds, the agency sale of financial products, introducing brokerage for futures companies, asset management, fund management, commodity futures brokerage, financial futures brokerage, futures investment consulting, equity investment, venture capital, investment management, investment consultation and other business activities approved by the CSRC.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair value, as explained in the accounting policies set out below. The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Group 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 rights 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 derecognizes (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 recognizes (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 recognized 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. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Other amendments to the standards effective in 2022 relevant to and adopted by the Group

The Group has adopted the following amendments to the IFRSs issued by the IASB that are first effective for the financial year ended 31 December 2022.

			Notes
(1)	Amendments to IFRS 3	Reference to the Conceptual Framework	(i)
(2)	Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	(ii)
(3)	Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use	(iii)
(4)	Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Standards 2018-2020	(iv)

(i) Amendments to IFRS 3: Reference to the Conceptual Framework

The amendments have updated IFRS 3 Business combinations, to refer to the 2018 Conceptual Framework for Financial Reporting, and added an exception to the requirement to refer to the 2018 Conceptual Framework to determinate what constitutes an asset or a liability in a business combination. The exception relates to liabilities and contingent liabilities that would have been within the scope of IAS 37 or IFRIC 21. The Board has also clarified that the acquirer should not recognize contingent assets, as defined in IAS 37, at the acquisition date. The adoption of the amendments does not have a significant impact on the Group's consolidated financial statements.

(ii) Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract

The amendments clarify the meaning of 'costs to fulfil a contract' for the purposes of assessing whether a contract is onerous. In particular, the amendments explain that such costs comprise the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendments also clarify that, before a separate provision for an onerous contract is established, an entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract, rather than merely on assets dedicated to that contract. The adoption of the amendments does not have a significant impact on the Group's consolidated financial statements.

(iii) Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The amendments also clarify that an entity is "testing whether the asset is functioning properly" when it assesses the technical and physical performance of the asset, and that the financial performance of the asset is not relevant to this assessment. The adoption of the amendments does not have a significant impact on the Group's consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Other amendments to the standards effective in 2022 relevant to and adopted by the Group *(continued)*

(iv) Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41: Annual Improvements to IFRS Standards 2018-2020

The IASB issued amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41: Annual Improvements to IFRS Standards 2018-2020, which provides an optional relief for the measurement of cumulative translation differences to certain first-time adopters, clarifies the types of fees to be included when assessing the derecognition of financial liability, amends an illustrative example accompanying IFRS 16, 'Leases', and removes the requirement to exclude taxation cash flows when measuring fair value. The adoption of these amendments does not have a significant impact on the Group's consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Investments in associates and joint ventures

An associate is an entity in 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 type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the 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. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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 recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized 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 unrealized 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 recognizes 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 recognized 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 IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Business combinations and goodwill

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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 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.

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 that are financial liabilities 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 recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized 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 recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net 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, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, 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, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Business combinations and goodwill *(Continued)*

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

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.

3.3 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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; and

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 recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.4 Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

3.5 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.5 Related parties *(Continued)*

(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;

(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.

3.6 Property and equipment and depreciation

Property and equipment, other than construction in progress ("CIP"), are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.6 Property and equipment and depreciation *(Continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.26% – 3.20%
Leasehold improvements	Over the shorter of the remaining lease terms and 5 years
Machinery	8.64% – 19.20%
Electronic equipment	19.00% – 50.00%
Communication equipment	10.56% – 32.00%
Motor vehicles	9.50% – 32.00%
Others	9.50% – 32.00%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

3.7 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is accounted for using the cost model and stated in the financial statements at cost less accumulated depreciation, and impairment losses (see Note 3.4). The cost of investment property, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the investment property is classified as held for sale.

	Estimated useful lives	**Estimated residual values**	**Depreciation rates**
Buildings	30 – 42 years	4.0% – 5.0%	2.26% – 3.20%

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.8 Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level, whether there is any indicator of impairment or not. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Useful lives of each category of intangible assets are as follows:

	Useful lives
Trading seats rights	Indefinite
Software	5 years

3.9 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 recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) as a single lease component.

(a) Right-of-use assets

Right-of-use assets are recognized 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 recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.9 Leases *(continued)*

Group as a lessee *(continued)*

(b) Lease liabilities

Lease liabilities are recognized 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 variable lease payments that do not depend on an index or a rate are recognized 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.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (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 assets that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

3.10 Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized 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 IFRS 15.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.10 Investments and other financial assets *(continued)*

In order for a financial asset to be classified and measured at amortized 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 amortized 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 recognized 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 amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.10 Investments and other financial assets *(continued)*

Subsequent measurement *(continued)*

Financial assets designated at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognized as net investment gains in the 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 instruments 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 statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes 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 recognized as net investment gains in the 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 recognized in the 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.11 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 derecognized (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 recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes 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.

3.12 Impairment of financial assets

The Group recognizes 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 recognized 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.12 Impairment of financial assets *(continued)*

General approach *(continued)*

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group assesses the internal and external credit ratings of the debt investments.

The Group considers 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 after 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 amortized 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.

Purchased or originated credit-impaired ("POCI") assets are financial assets that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted effective interest rate. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

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 a simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

For trade receivables and contract assets that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.13 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and other financial liabilities measured at amortized cost.

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs.

The Group's financial liabilities include loans and borrowings, short-term debt instruments, placements from other financial institutions, accounts payable to brokerage customers, financial liabilities at fair value through profit or loss, financial assets sold under repurchase agreements, derivative financial liabilities, bonds payable, other current liabilities and other non-current 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.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 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 recognized in the statement of profit or loss. The net fair value gain or loss recognized 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 date of initial recognition and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognized in the 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 statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.13 Financial liabilities *(continued)*

Subsequent measurement *(continued)*

Financial liabilities at amortized cost

After initial recognition, interest-bearing financial liabilities are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized 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.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognized as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long-term liability on the amortized cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognized and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognized.

3.14 Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the statement of profit or loss.

3.15 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.16 Derivative financial instruments

Initial recognition and subsequent measurement

Derivative financial instruments are initially recognized 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 statement of profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

3.17 Financial assets held under resale agreements and financial assets sold under repurchase agreements

Financial assets held under resale agreements and financial assets sold under repurchase agreements are recorded at the amount actually paid or received when the transactions occur, and are recognized in the statement of financial position. The assets held under the agreements to resell are registered as off-balance-sheet items, while the assets sold under the agreements to repurchase are recorded in the statement of financial position.

The bid-ask spread of the financial assets under agreements to resell and financial assets sold under agreements to repurchase are recognized as interest income or interest expense using the effective interest rate method in the reselling or repurchasing period.

3.18 Accounts payable to brokerage customers

Accounts payable to brokerage customers are all deposited in the bank accounts designated by the Group. The Group recognizes the funds as liabilities for settlement to the customers.

The Group executes trade orders through stock exchanges on behalf of the customers. If the total amount of purchased securities exceeds that of sold securities, accounts payable to brokerage customers decrease by the difference in addition to the withholding stamp duty and commission. If the total amount of sold securities exceeds that of purchased securities, accounts payable to brokerage customers increase by the difference after deducting the withholding stamp duty and commission.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.19 Margin financing and securities lending services

Margin financing and securities lending services refer to the lending of funds by the Group to customers for purchase of securities, or lending of securities by the Group to customers for short-selling of securities, for which the customers provide the Group with collateral.

Margin financing services

The Group recognizes margin financing services to customers as margin accounts receivable, and recognizes the commission as interest income accordingly.

The policy of provision for impairment of margin accounts receivables is determined with reference to the policy of provision for impairment of financial assets measured at amortized cost.

Securities lending services

The Group lends securities to their customers with agreed expiry dates and interest rates, and the same amount of similar securities received on the expiry date. Commission is recognized as interest revenue according to the securities lending agreement. The securities transferred under the securities lending services are not derecognized.

3.20 Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects are assigned by using specific identification of their individual costs. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

3.21 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.22 Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in interest expense in the statement of profit or loss.

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognized in accordance with the general policy for provisions above; and (ii) the amount initially recognized less, when appropriate, the amount of income recognized in accordance with the policy for revenue recognition.

3.23 Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized 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

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.23 Income tax *(continued)*

Deferred tax assets are recognized for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized, 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

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized 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 utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized 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 realized 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 taxes 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 realize 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.

3.24 Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.25 Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized 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 recognized 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 with 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 recognized under the contract includes the interest expense accreted on the contract liabilities 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 IFRS 15.

(a) Securities brokerage and investment consulting business

Income from the securities brokerage is recognized on a trade date basis when the relevant transactions are executed. Handling and settlement fee income arising from the brokerage business is recognized when the related services are rendered.

Income from the investment consulting business is recognized when the relevant transactions have been arranged or the relevant services have been rendered.

(b) Underwriting and sponsorship business

Income from the underwriting and sponsorship business is recognized when the obligation of underwriting or sponsoring is completed.

(c) Asset management business

Income from asset management business is recognized when contingent criteria associated are met.

(d) Other business

Income from other business is recognized when control of goods or services is transferred to the customers.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.26 Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

3.27 Contract liabilities

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

3.28 Contract costs

Other than the costs which are capitalized as property and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalized as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalized contract costs are amortized and charged to the statement of profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognized. Other contract costs are expensed as incurred.

3.29 Expenses recognition

Commission expenses

Commission expenses relate mainly to transactions, which are recognized as expenses when the services are received.

Interest expenses

Interest expenses are recognized based on the amortized cost and at the effective interest rate applicable.

Other expenses

Other expenses are recognized on an accrual basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.30 Fiduciary wealth management

The Group's fiduciary wealth management business includes fund management, single asset management, collective asset management and specified asset management. The Group keeps separate accounting records for each of these investment schemes, and periodically reconciles the accounting and valuation results of each scheme with the custodians.

3.31 Employee benefits

Employee benefits refer to all forms of consideration and other related expenses except share-based payments given by the Group in exchange for services rendered by employees. The employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to an employee's spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Post-employment benefits (Defined contribution plan)

The Group participates in a defined contribution plan in which the employees benefit from pensions and unemployment insurance managed by the government, and annuity plans managed by the Group. Such expenditure is charged to the statement of profit or loss in the period when it is incurred.

Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes restructuring costs involving the payment of termination benefits.

Other long-term employee benefits

Other long-term employee benefits are applicable to the rules on post-employment benefits, to recognize their net liabilities or net assets, while the changes are recorded in current profit or loss or related asset cost.

Share-based payments

(i) Accounting treatment of cash-settled share-based payments

Where the Group receives services from employees by incurring a liability to deliver cash or other assets for amounts that are determined based on the price of shares or other equity instruments, the service received from employees is measured at the fair value of the liability incurred. If a cash-settled share-based payment do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognizes costs or expenses as services are received, with a corresponding increase in liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting. Until the liability is settled, the Group will remeasure the fair value of the liability at each balance sheet date and at the date of settlement, with changes recognized in profit or loss for the current period.

When the Group receives services and has the obligation to settle the transaction, but the relevant equity instruments are issued by the Company's ultimate parent or its subsidiaries outside the Group, the Group classifies the transaction as cash-settled.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.31 Employee benefits *(continued)*

Share-based payments *(continued)*

(ii) Accounting treatment of equity-settled share-based payments

Where the Group uses shares or other equity instruments as consideration for services received from the employees, the payment is measured at the fair value of the equity instruments granted to the employees at the grant date. If the equity instruments granted do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognizes an amount at each balance sheet date during the vesting period based on the best estimate of the number of equity instruments expected to vest according to the newly obtained subsequent information of the changes of the number of the employees expected to vest the equity instruments. The Group measures the services received at the grant-date fair value of the equity instruments and recognizes the costs or expenses as the services are received, with a corresponding increase in capital reserve.

When the Group receives services, but has no obligation to settle the transaction because the relevant equity instruments are issued by the Company's ultimate parent or its subsidiaries outside the Group, the Group also classifies the transaction as equity-settled.

3.32 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.33 Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.34 Foreign currencies

The consolidated financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the average exchange rates for the year.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is transferred to the statement of profit or loss.

Cash flows denominated in foreign currencies and cash flows of overseas subsidiaries are translated using the average exchange rates for the year. The impact on cash caused by the fluctuation of exchange rates is presented as a separate line item in the statement of cash flows.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in these consolidated financial statements is included in the following note:

Note 2.2 – consolidation: whether the Group has control over a structured entity.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 3.2 – the impairment of goodwill

Note 3.3 – measurement of fair value;

Note 3.4 – the impairment of non-financial assets;

Notes 3.6 to 3.8 – depreciation rates and amortisation rates for property and equipment, investment property and other intangible assets;

Note 3.12 – measurement of 'expected credit loss' (ECL) allowance for financial assets;

Note 3.23 – recognition of deferred tax assets; and

Note 3.31 – Share-based payments.

5. TAXATION

The Group's main applicable taxes and tax rates are as follows:

Tax type	Tax basis	Tax rate
Corporate income tax	Taxable profits	16.5% – 25%
Value added tax ("VAT")	Output VAT is calculated on product sales and taxable services revenue. The basis for VAT payable is to deduct input VAT from the output VAT for the period.	3% – 13%
City maintenance and construction tax	Value added tax paid	1% – 7%
Education surcharge	Value added tax paid	3%
Local Education surcharge	Value added tax paid	2%

Corporate Income tax

The income tax rate applicable to the Company and its subsidiaries in Mainland China is 25%. The income tax rate applicable to subsidiaries in Hong Kong is 16.5%.

Value added tax

According to the Circular on the Relevant Issues concerning Value-added Tax Levied on Asset Management Products (《關於資管產品增值稅有關問題的通知》) promulgated by the Ministry of Finance (the "MOF") and the State Administration of Taxation (the "SAT") of the PRC on 30 June 2017, starting from 1 January 2018, with respect to any VAT-able activities in the course of managing asset management products, managers of the asset management products could be temporarily subject to the simplified VAT calculation method and thus liable to VAT at 3%. With respect to VAT-able income arising from asset management products prior to 1 January 2018, if VAT had not been paid previously, no VAT will be payable; if VAT had been paid previously, the previously paid VAT can be used to offset against the VAT payable of the managers.

6. FEE AND COMMISSION INCOME

(a) Revenue streams

	Year ended 31 December	
	2022	2021
Securities brokerage and investment consulting business	**8,898,520**	11,244,621
Underwriting and sponsorship business	**4,227,805**	3,955,508
Futures brokerage business	**2,429,572**	2,303,801
Asset management business	**1,650,646**	1,793,579
Financial advisory business	**228,434**	276,967
Custodian and outsourcing service	**180,076**	208,904
Others	**116,746**	97,262
Total	**17,731,799**	19,880,642

Fee and commission income represented the Group's revenue from contracts with customers.

(b) Disaggregation of revenue

In the following table, fee and commission income are disaggregated by timing of revenue recognition:

	Year ended 31 December			
	2022		2021	
	At a point in time	**Over time**	At a point in time	Over time
Securities brokerage and investment consulting business	**8,898,520**	**–**	11,244,621	–
Underwriting and sponsorship business	**4,227,805**	**–**	3,955,508	–
Futures brokerage business	**2,429,572**	**–**	2,303,801	–
Asset management business	**–**	**1,650,646**	–	1,793,579
Financial advisory business	**228,434**	**–**	276,967	–
Custodian and outsourcing service	**–**	**180,076**	–	208,904
Others	**116,746**	**–**	97,262	–
Total	**15,901,077**	**1,830,722**	17,878,159	2,002,483

7. INTEREST INCOME

	Year ended 31 December	
	2022	2021
Margin financing and securities lending	**6,386,614**	7,315,164
Deposits in financial institutions	**4,740,207**	3,977,000
Debt instruments at fair value through other comprehensive income	**2,026,532**	2,078,412
Stock-pledged financing and securities repurchase	**1,860,172**	1,899,037
Other financial assets held under resale agreements	**497,132**	416,109
Debt investments at amortised cost	**18,707**	–
Term loan	**10,577**	25,945
Others	**46,733**	41,296
Total	**15,586,674**	15,752,963

8. NET INVESTMENT GAINS

	Year ended 31 December	
	2022	2021
Dividend and other income		
Financial instruments at fair value through profit or loss	**6,740,026**	6,607,830
Equity instruments at fair value through other comprehensive income	**61,229**	842,829
Net realized (losses)/gains		
Financial instruments at fair value through profit or loss	**(3,907,906)**	2,018,312
Debt instruments at fair value through other comprehensive income	**465,658**	234,192
Derivative financial instruments	**1,664,944**	240,383
Unrealized (losses)/gains		
Financial assets at fair value through profit or loss	**(4,188,346)**	(1,918,648)
Financial liabilities at fair value through profit or loss	**2,582,590**	1,971,011
Derivative financial instruments	**2,118,404**	306,205
Others [(1)]	**1,928**	(1,910)
Total	**5,538,527**	10,300,204

(1) Mainly includes third-party interests in consolidated structured entities.

9. GAIN ON BUSINESS COMBINATION

On 4 November 2022, the Company acquired 8% interest in HuaAn Fund Management Co., Ltd ("HuaAn Funds") from Shanghai Industrial Investment (Holdings) Co., Ltd. by paying a cash consideration of RMB1.063 billion. After the acquisition, the Company's shareholding percentage in HuaAn Funds is 51%, for details please refer to Note 28(c).

Gain on business combination is calculated as:

	As at 4 November 2022
Fair value of the Company's previous interests in HuaAn Funds	5,443,800
Less: carrying amount of the Company's previous interests in HuaAn Funds	(3,972,515)
Gain on fair value revaluation	1,471,285
Add: other comprehensive income relating to the Company's previous interest in HuaAn Funds	7,083
Gain on business combination	1,478,368

10. GAIN ON LOSING CONTROL OF A SUBSIDIARY

Following CSRC's approval on Bailian Group Co., Ltd. to become a major shareholder and controlling shareholder of Shanghai Securities Co., Ltd.("Shanghai Securities") and the change of registered share capital of Shanghai Securities in December 2020, Shanghai Securities has completed the necessary procedures in relations to the capital increase including capital verification, registration of change in rights of state-owned assets and registration with industrial and commercial department of the increased registered share capital in accordance with the requirements stated in the approval of the CSRC and requirements of relevant administrative measures of state-owned assets.

Upon the completion of such procedures and as of the date 7 February 2021, the Company held approximately 24.99% of the equity interests in Shanghai Securities, and Shanghai Securities ceased to be a subsidiary of the Company.

Entity name	**Shanghai Securities**
Considerations received	–
Disposal method	Subsidiary's private placement of shares to third-party investors
Date of losing control	7 February 2021
Basis for determining date of losing control	Transfer of control
Proportion of remaining equity interests on the date of losing control	24.99%
Carrying amount of remaining equity interests on the date of losing control	4,004,515
Fair value of remaining equity interests on the date of losing control	5,129,330
Gain or loss from remeasurement of remaining equity interests to fair value	1,124,815
Method and key assumptions for determining the fair value of remaining equity interests	Independent valuation report from third party valuer
Net investment gains transferred from other comprehensive income related to previous equity investment in subsidiary	13,954

11. OTHER INCOME AND GAINS

	Year ended 31 December	
	2022	2021
Income from bulk commodity trading	**7,724,816**	8,685,188
Government grants [(1)]	**699,376**	554,752
Foreign exchange gains or losses	**118,031**	(71,625)
Commission from tax withholding and remitting	**45,446**	40,646
(Losses)/gains on disposal of property and equipment	**(977)**	28,602
Others	**164,861**	101,046
Total	**8,751,553**	9,338,609

(1) The government grants were received unconditionally by the Company and its subsidiaries from the local government where they reside.

12. FEE AND COMMISSION EXPENSES

	Year ended 31 December	
	2022	2021
Securities brokerage and investment consulting business	**1,928,925**	2,475,552
Futures brokerage business	**1,385,336**	1,193,155
Underwriting and sponsorship business	**145,164**	169,551
Others	**72,613**	92,737
Total	**3,532,038**	3,930,995

13. INTEREST EXPENSES

	Year ended 31 December	
	2022	2021
Bonds payable	**4,679,796**	3,774,985
Financial assets sold under repurchase agreements	**3,215,708**	3,107,836
Accounts payable to brokerage customers	**1,089,252**	847,606
Short-term debt instruments	**718,959**	1,228,529
Placements from other financial institutions	**558,487**	587,381
Securities lending	**193,923**	175,826
Loans and borrowings	**166,783**	123,813
Lease liabilities	**69,217**	78,149
Gold leasing	**67,859**	69,282
Others	**62,115**	169,003
Total	**10,822,099**	10,162,410

14. STAFF COSTS

	Year ended 31 December	
	2022	2021
Salaries, bonuses and allowances	**7,541,913**	8,575,008
Contributions to defined contribution schemes	**1,004,161**	757,903
Other social welfare	**714,849**	646,092
Equity-settled share-based payment expenses	**276,216**	307,475
Total	**9,537,139**	10,286,478

The employees of the Group in Mainland China participate in state-managed retirement benefit schemes operated by the respective local governments in Mainland China.

The Group also operates a defined contribution Mandatory Provident Fund retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance for all of its qualified employees in Hong Kong.

Apart from participating in various defined contribution retirement benefit schemes organized by municipal and provincial governments in Mainland China, the Group is also required to make monthly contributions to annuity plans for the period.

The Group currently has no additional significant cost for the payment of retirement and other post-retirement benefits of employees other than the monthly contributions described above. The Group's contributions to these pension plans are charged to profit or loss in the period to which they relate.

15. DEPRECIATION AND AMORTIZATION EXPENSES

	Year ended 31 December	
	2022	2021
Depreciation of right-of-use assets	**609,290**	592,041
Depreciation of property and equipment	**449,456**	460,986
Amortization of other intangible assets	**206,156**	180,266
Depreciation of investment property	**21,783**	14,683
Amortization of long-term deferred expenses	**18,513**	19,246
Total	**1,305,198**	1,267,222

16. OTHER OPERATING EXPENSES AND COSTS

	Year ended 31 December	
	2022	2021
Cost of bulk commodity trading	**7,752,348**	8,650,701
Information technology expenses	**507,785**	470,151
Stock exchange management fees	**296,217**	232,438
Consulting fees	**289,184**	266,742
Postal and communication expenses	**206,972**	199,495
Rental and property management expenses	**190,911**	184,427
Marketing and advertising expenses	**170,412**	146,235
Business travel expenses	**129,012**	183,666
Securities investor protection funds	**110,167**	135,013
Auditors' remuneration	**14,084**	9,923
Others	**1,061,489**	1,179,311
Total	**10,728,581**	11,658,102

17. (REVERSAL)/ACCRUAL OF CREDIT LOSS EXPENSES

	Year ended 31 December	
	2022	2021
Margin accounts receivable	**(408,660)**	502,666
Financial assets held under resale agreements	**(227,732)**	(596,813)
Other current assets	**99,951**	–
Other non-current assets	**51,179**	307,936
Accounts receivable	**6,507**	15,214
Others	**14,180**	112,020
Total	**(464,575)**	341,023

18. INCOME TAX EXPENSE

	Year ended 31 December	
	2022	2021
Current tax		
Mainland China	**2,662,930**	3,451,090
Hong Kong	**50,703**	155,435
Adjustments in respect of prior years		
Mainland China	**2,660**	1,001
Hong Kong	**3,781**	(3)
Deferred tax	**(201,272)**	202,216
Total tax charges for the year	**2,518,802**	3,809,739

According to the PRC Corporate Income Tax ("CIT") Law that took effect on 1 January 2008, the Company and the Company's subsidiaries in Mainland China are subject to CIT at the statutory tax rate of 25%.

For the Company's subsidiaries in Hong Kong, Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for the year.

A reconciliation of the tax expense applicable to profit before income tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries is domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December	
	2022	2021
Profit before income tax	**14,139,971**	19,112,281
Tax at the PRC statutory tax rate of 25%	**3,534,993**	4,778,070
Effect of different tax rates of subsidiaries	**(21,586)**	(119,115)
Adjustments in respect of current tax and deferred tax of prior years	**6,441**	998
Non-taxable income	**(980,038)**	(820,438)
Profits and losses attributable to joint ventures and associates	**(107,466)**	(106,823)
Non-deductible expenses	**176,398**	182,603
Utilization of tax losses and deductible temporary differences previously not recognized	**(925)**	(17,209)
Tax losses and deductible temporary differences not recognized	**11,610**	12,278
Deductible distribution of other equity instrument	**(100,625)**	(100,625)
Total tax charges for the year	**2,518,802**	3,809,739

19. DIRECTORS' AND SUPERVISORS' REMUNERATION

The remuneration of directors and supervisors paid by the Group who held office for the years ended 31 December 2022 and 2021 is as follows:

	Year ended 31 December 2022					
Name	Fees	Salaries, allowances and benefits	Pension scheme contributions and other social welfare	Discretionary bonuses[4]	Restricted share incentive scheme	Total remuneration
Executive Directors						
He Qing	–	913	240	1,004	–	2,157
Wang Song	–	1,000	242	297	2,379	3,918
Yu Jian	–	1,604	402	1,922	1,960	5,888
Non-Executive Directors						
Liu Xinyi[1]	–	–	–	–	–	–
Guan Wei[1]	–	–	–	–	–	–
Zhong Maojun[1]	–	–	–	–	–	–
Chen Hua[1]	–	–	–	–	–	–
Wang Wenjie[1]	–	–	–	–	–	–
Zhang Zhan	150	–	–	–	–	150
Zhang Yipeng[1]	–	–	–	–	–	–
An Hongjun[1]	–	–	–	–	–	–
Independent Non-executive Directors						
Xia Dawei[2]	250	–	–	–	–	250
Ding Wei	250	–	–	–	–	250
Li Renjie	250	–	–	–	–	250
Bai Wei	250	–	–	–	–	250
LEE Conway Kong Wai	250	–	–	–	–	250
Chai Hongfeng[1]	–	–	–	–	–	–
Supervisors						
Wu Hongwei	–	800	240	–	–	1,040
Zhou Zhaohui	150	–	–	–	–	150
Shen Yun	150	–	–	–	–	150
Zuo Zhipeng	150	–	–	–	–	150
Shao Liangming	–	843	292	2,195	–	3,330
Xie Min	–	325	121	455	–	901
Li Zhongning[3]	–	652	162	679	–	1,493
	1,850	6,137	1,699	6,552	4,339	20,577

(1) Except for these directors, none of the directors or supervisors waived any remuneration during the year.

(2) Ceased to serve as an independent Director of the Company due to the expiration of the term of office for six consecutive years. To be compliant with the relevant requirements, Mr. Xia Dawei continues to perform his duties as an independent Director until a new independent Director is appointed.

(3) Resigned on 25 July 2022.

(4) The deferred pre-tax amount of directors, supervisors for previous year in 2022: RMB188,200 for Wang Song, RMB1,424,200 for Yu Jian.

19. DIRECTORS' AND SUPERVISORS' REMUNERATION *(continued)*

	Year ended 31 December 2021					
Name	Fees	Salaries, allowances and benefits	Pension scheme contributions and other social welfare	Discretionary bonuses	Restricted share incentive scheme	Total remuneration
Executive Directors						
He Qing[2]	–	799	210	342	–	1,351
Wang Song[2]	–	1,080	212	1,452	2,718	5,462
Yu Jian[2]	–	1,613	352	3,550	2,241	7,756
Non-Executive Directors						
Liu Xinyi[1][2]	–	–	–	–	–	–
Guan Wei[1][2]	–	–	–	–	–	–
Zhong Maojun[1][2]	–	–	–	–	–	–
Chen Hua[1][2]	–	–	–	–	–	–
Wang Wenjie[1][2]	–	–	–	–	–	–
Zhang Zhan[2]	75	–	–	–	–	75
Zhang Yipeng[1][3]	–	–	–	–	–	–
An Hongjun[1][2]	–	–	–	–	–	–
Independent Non-executive Directors						
Xia Dawei[2]	250	–	–	–	–	250
Ding Wei[2]	125	–	–	–	–	125
Li Renjie[2]	125	–	–	–	–	125
Bai Wei[2]	125	–	–	–	–	125
LEE Conway Kong Wai[2]	250	–	–	–	–	250
Chai Hongfeng[1][3]	–	–	–	–	–	–
Supervisors						
Li Zhongning[2]	–	799	210	267	–	1,276
Wu Hongwei[2]	–	359	101	–	–	460
Zhou Zhaohui[2]	75	–	–	–	–	75
Shen Yun[2]	75	–	–	–	–	75
Zuo Zhipeng[2]	150	–	–	–	–	150
Shao Liangming[2]	–	392	101	100	–	593
Xie Min[2]	–	169	51	77	–	297
	1,250	5,211	1,237	5,788	4,959	18,445

(1) Except for these directors, none of the directors or supervisors waived any remuneration during the year.

(2) Appointed on 28 June 2021.

(3) Appointed on 25 November 2021.

20. FIVE HIGHEST PAID EMPLOYEES

Among the five highest paid employees, there were neither directors nor supervisors for the years ended 31 December 2022 and 2021. Details of the remuneration of the five highest paid employees are as follows:

	Year ended 31 December	
	2022	2021
Salaries, allowances and benefits	**11,372**	9,709
Pension scheme contributions and other social welfare	**1,660**	40
Discretionary bonuses	**47,576**	49,883
Share-based payments	**74**	690
Total	**60,682**	60,322

The number of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December	
	2022	2021
HKD10,000,001 to HKD12,000,000	**2**	–
HKD12,000,001 to HKD14,000,000	**1**	2
HKD14,000,001 to HKD16,000,000	**1**	1
HKD16,000,001 to HKD18,000,000	**–**	2
HKD18,000,001 to HKD20,000,000	**1**	–
Total	**5**	5

21. DIVIDENDS

	Year ended 31 December	
	2022	2021
Proposed and paid dividends	**6,056,537**	4,983,132
Distribution to other equity instrument holders	**402,500**	402,500

Pursuant to the resolution of the meeting of shareholders held on 31 May 2022, the Company distributed cash dividends of RMB6.80 for every 10 shares (tax included) amounting to RMB6,057 million in total for the year ended 31 December 2021.

Pursuant to the resolution of the meeting of shareholders held on 28 June 2021, the Company distributed cash dividends of RMB5.60 for every 10 shares (tax included) amounting to RMB4,983 million in total for the year ended 31 December 2020.

21. DIVIDENDS *(continued)*

The dividend distributions by the Company triggered the mandatory interest payment event for perpetual subordinated bonds. The Company recognized dividend payable to other equity instrument holders of RMB403 million and RMB403 million during the year ended 31 December 2022 and 2021 for the years then ended respectively.

Pursuant to the resolution of the 8th meeting of the 6th term of the Board held on 29 March 2023, the Board has proposed the annual profit distribution plan for the year ended 31 December 2022 as follows: after appropriating 10% of profit after tax each for general risk reserve and transaction risk reserve, respectively, based on the total share capital of the Company on the record date of dividend distribution, the Company shall distribute cash dividends of RMB5.30 for every 10 shares (tax included). Based on the total share capital of the Company, being 8,906,672,636 shares on 31 December 2022, RMB4,721 million of dividends would be distributed. The profit distribution plan for the year ended 31 December 2022 is subject to shareholders' approval in the upcoming shareholders' meeting.

22. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year. The newly issued shares are calculated in accordance with the conditions stated in the issuance agreement, starting from the consideration receivable date (usually the issuance date).

The numerator of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, adjusted to reflect (a) the interest of dilutive potential ordinary shares recognized in profit or loss, where applicable, (b) the income or expenses from the conversion of dilutive potential ordinary shares into ordinary shares, (c) dividend paid to shareholders under the restricted share incentive scheme of A shares (d) the tax impact of the above adjustments.

The denominator of the diluted earnings per share amount is the total number of (a) the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, (b) the weighted average number of ordinary shares assumed to have been issued at consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares, and (c) dilutive effect arising from the implementation of the restricted share incentive scheme.

When calculating the weighted average number of ordinary shares assumed to have been issued at consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares, dilutive potential ordinary shares issued in prior years are assumed to be converted at the beginning of the year and those shares under the restricted share incentive scheme issued in the year are assumed to be converted at the issuance date. The Group has convertible corporate bonds and share based payment as dilutive potential ordinary shares.

When calculating the dilutive effect of the restricted share incentive scheme, the Company assumes that the balance sheet date is the unlocking date and determines whether the actual performance on the balance sheet date meets the performance conditions of unlocking requirements, and calculates the dilutive effect based on the judgment results.

22. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(continued)*

The calculations of basic and diluted earnings per share attributable to ordinary equity holders of the Company are as follows:

	Year ended 31 December	
	2022	2021
Earnings		
Profit attributable to equity holders of the Company	**11,507,150**	15,013,480
Less: Profit attributable to other equity holders of the Company [(1)]	**487,086**	402,500
Less: Cash dividend paid to shareholders under the restricted share incentive scheme of A shares [(2)]	**40,912**	43,244
Profit attributable to ordinary equity holders of the Company	**10,979,152**	14,567,736
Add: Interest expense on convertible bonds, net of tax	**306,785**	302,063
Add: Cash dividend paid to shareholders under the restricted share incentive scheme of A shares [(2)]	**40,912**	43,244
Adjusted profit attributable to ordinary equity holders of the Company	**11,326,849**	14,913,043
Shares (in thousand)		
Weighted average number of ordinary shares in issue during the year	**8,819,450**	8,819,449
Add: Weighted average number of ordinary shares assuming conversion of all dilutive shares	**378,872**	372,362
Add: Dilutive effect of the restricted share incentive scheme	**27,710**	17,722
Adjusted weighted average number of ordinary shares in issue during the year	**9,226,032**	9,209,533
Earnings per share attributable to ordinary equity holders of the Company (RMB per share)		
– Basic	**1.24**	1.65
– Diluted	**1.23**	1.62

(1) For the purpose of calculating basic earnings per ordinary share in respect of the year ended 31 December 2022, RMB487 million (2021: RMB403 million) attributable to perpetual subordinated bonds were deducted from profits attributable to equity holders of the Company.

(2) For the purpose of calculating basic earnings per ordinary share in respect of the year ended 31 December 2022, cash dividend of RMB41 million (2021: RMB43 million) paid to shareholders under the restricted share incentive scheme of A shares were deducted from profits attributable to equity holders of the Company. For the purpose of calculating diluted earnings per ordinary share in respect of the year ended 31 December 2022, the above cash dividend was included in the profits attributable to equity holders of the Company.

23. PROPERTY AND EQUIPMENT

	Buildings	Leasehold improvements	Machinery	Electronic equipment	Communication equipment	Motor vehicles	CIP	Others	Total
Cost									
As at 1 January 2022	2,781,776	686,724	50,323	1,801,551	19,546	139,321	219,683	167,980	5,866,904
Additions	3,079	33,203	734	243,990	1,176	8,606	182,084	3,499	476,371
Transfers during the year	-	7,078	195	20,952	-	-	(221,376)	107	(193,044)
Business combination	343,224	-	-	17,783	-	1,405	9,518	1,284	373,214
Disposals	-	(47,824)	(1,847)	(36,115)	(217)	(6,752)	-	(7,385)	(100,140)
Exchange adjustments	46,992	-	-	12,955	-	344	-	482	60,773
As at 31 December 2022	3,175,071	679,181	49,405	2,061,116	20,505	142,924	189,909	165,967	6,484,078
Accumulated depreciation									
As at 1 January 2022	(980,316)	(491,114)	(2,026)	(1,133,018)	(13,230)	(110,506)	-	(103,655)	(2,833,865)
Depreciation charge	(74,458)	(79,138)	(7,741)	(262,706)	(2,044)	(9,262)	-	(14,107)	(449,456)
Disposals	-	46,469	1,643	34,106	208	6,483	-	6,962	95,871
Exchange adjustments	(21,259)	-	-	(5,850)	-	(156)	-	(252)	(27,517)
As at 31 December 2022	(1,076,033)	(523,783)	(8,124)	(1,367,468)	(15,066)	(113,441)	-	(111,052)	(3,214,967)
Impairment									
As at 1 January 2022 and 31 December 2022	(92,253)	-	-	-	-	-	-	-	(92,253)
Net carrying amount									
As at 31 December 2022	2,006,785	155,398	41,281	693,648	5,439	29,483	189,909	54,915	3,176,858

23. PROPERTY AND EQUIPMENT *(continued)*

	Buildings	Leasehold improvements	Machinery	Electronic equipment	Communication equipment	Motor vehicles	CIP	Others	Total
Cost									
As at 1 January 2021	4,675,910	954,783	69,244	1,760,090	19,952	150,473	265,466	175,363	8,071,281
Additions	418	29,832	1,221	273,900	842	13,480	196,918	3,778	520,389
Transfers during the year	(1,009,459)	470	867	54,674	–	–	(59,224)	3,684	(1,008,988)
Disposals	(26,004)	(75,397)	(1,736)	(46,424)	(51)	(13,336)	(141,086)	(1,878)	(305,912)
Lost control of a subsidiary	(859,089)	(222,964)	(19,273)	(240,689)	(1,197)	(11,296)	(42,391)	(12,967)	(1,409,866)
As at 31 December 2021	2,781,776	686,724	50,323	1,801,551	19,546	139,321	219,683	167,980	5,866,904
Accumulated depreciation									
As at 1 January 2021	(978,904)	(609,142)	(12,673)	(1,125,042)	(12,066)	(116,962)	–	(99,932)	(2,954,721)
Depreciation charge	(76,420)	(114,077)	(7,785)	(231,755)	(2,344)	(13,263)	–	(15,342)	(460,986)
Transfer during the year	21,500	–	–	–	–	–	–	–	21,500
Disposals	4,077	48,900	1,613	45,259	43	11,922	–	1,466	113,280
Lost control of a subsidiary	49,431	183,205	16,819	178,520	1,137	7,797	–	10,153	447,062
As at 31 December 2021	(980,316)	(491,114)	(2,026)	(1,133,018)	(13,230)	(110,506)	–	(103,655)	(2,833,865)
Impairment									
As at 1 January 2021 and 31 December 2021	(92,253)	–	–	–	–	–	–	–	(92,253)
Net carrying amount									
As at 31 December 2021	1,709,207	195,610	48,297	668,533	6,316	28,815	219,683	64,325	2,940,786

As at 31 December 2022, the Group has not yet obtained the relevant building certificates for buildings with costs of RMB91,681 thousand.

24. INVESTMENT PROPERTY

	Properties and Buildings
Cost	
As at 31 December 2021	1,009,458
Transfer during the year	66,832
Business combination	75,839
As at 31 December 2022	**1,152,129**
Accumulated depreciation	
As at 31 December 2021	(36,183)
Charge for the year	(21,783)
As at 31 December 2022	**(57,966)**
Impairment	
As at 31 December 2021 and 31 December 2022	–
Net carrying amount	
As at 31 December 2022	**1,094,163**
As at 31 December 2021	973,275

25. LEASES

(a) Right-of-use assets

	Buildings	Prepaid land lease payments	Total
Cost			
As at 1 January 2021	3,016,745	876,029	3,892,774
Increases	827,510	–	827,510
Decreases	(883,111)	–	(883,111)
Lost control of a subsidiary	(299,843)	(104)	(299,947)
As at 31 December 2021	2,661,301	875,925	3,537,226
Increases	465,485	–	465,485
Business combination	43,248	–	43,248
Decreases	(315,730)	–	(315,730)
Exchange adjustments	7,551	–	7,551
As at 31 December 2022	**2,861,855**	**875,925**	**3,737,780**
Accumulated depreciation			
As at 1 January 2021	(1,251,110)	(128,869)	(1,379,979)
Depreciation charge	(572,965)	(19,076)	(592,041)
Decreases	756,980	–	756,980
Lost control of a subsidiary	164,675	103	164,778
As at 31 December 2021	(902,420)	(147,842)	(1,050,262)
Depreciation charge	(590,214)	(19,076)	(609,290)
Decreases	312,279	–	312,279
Exchange adjustments	(2,428)	–	(2,428)
As at 31 December 2022	**(1,182,783)**	**(166,918)**	**(1,349,701)**
Impairment			
As at 1 January 2021	(22,052)	–	(22,052)
Decreases	22,052	–	22,052
As at 31 December 2021 and 31 December 2022	–	–	–
Net carrying amount			
As at 31 December 2022	**1,679,072**	**709,007**	**2,388,079**
As at 31 December 2021	1,758,881	728,083	2,486,964

25. LEASES *(continued)*

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	Year ended 31 December	
	2022	2021
Carrying amount at 1 January	**1,940,108**	1,953,629
New leases	**460,221**	807,691
Accretion of interest recognized during the year	**69,217**	78,149
Business combination	**44,997**	–
Modification of leases	**4,709**	(145,804)
Payments	**(634,077)**	(600,541)
Lost control of a subsidiary	**–**	(153,016)
Carrying amount at 31 December	**1,885,175**	1,940,108
Analyzed into:		
Current portion	**571,474**	510,987
Non-current portion	**1,313,701**	1,429,121

As at 31 December 2022, the maturity analysis of lease liabilities is as follows:

	As at 31 December	
	2022	2021
Within 1 year (inclusive)	**571,474**	510,987
1 to 5 years (inclusive)	**1,261,951**	1,418,703
After 5 years	**51,750**	10,418
Total	**1,885,175**	1,940,108

25. LEASES *(continued)*

(c) The amounts recognized in profit or loss in relation to leases are as follows:

	Year ended 31 December	
	2022	2021
Interest expense on lease liabilities	**69,217**	78,149
Depreciation charge of right-of-use assets	**609,290**	592,041
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2022 (included in other operating expenses and costs)	**23,009**	27,390
Expense relating to leases of low-value assets (included in other operating expenses and costs)	**8,602**	9,087
Total amount recognized in profit or loss	**710,118**	706,667

(d) Extension and termination options

The Group has some lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and they are aligned with the Group's business needs. These options will not have a significant impact on the Group's financial statements.

26. GOODWILL

(1) Change in goodwill

Cost	
As at 1 January 2022	20,896
Acquisition through business combination	4,049,865
As at 31 December 2022	4,070,761
Impairment losses	
As at 1 January 2022 and 31 December 2022	–
Carrying amounts	
As at 1 January 2022	20,896
As at 31 December 2022	**4,070,761**

26. GOODWILL *(continued)*

(2) Impairment testing on goodwill

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").

	As at 31 December	
	2022	2021
HuaAn Funds [(a)]	**4,049,865**	–
Guotai Junan Securities (Vietnam) Corporation [(b)]	**18,405**	18,405
Guotai Junan Futures Co., Ltd. [(b)]	**2,491**	2,491
Total	**4,070,761**	20,896

(a) On 4 November 2022, the Company acquired 8% of the shares in HuaAn Funds. As a result, the Company's equity interests in HuaAn Funds increased from 43% to 51%, granting it control of HuaAn Funds (see Note 28(c)). The goodwill was resulted from HuaAn Funds' business value as a whole, therefore, the Group regarded HuaAn Funds as one CGU.

On 31 December 2022, when performing the goodwill impairment test for HuaAn Funds, the recoverable amount of the CGU was determined as its VIU. The Group calculated the CGU's VIU through a discounted cash flow model based on approved business plans and discount rates that reflect specific risks of the relevant CGU. The cash flow after the forecast period is extrapolated according to a stable growth rate and a terminal value. The forecast period is from 2023 to 2027. No impairment losses for the CGU were identified nor recognized.

26. GOODWILL *(continued)*

(2) Impairment testing on goodwill *(continued)*

(a) (continued)

The main parameters the Group applied when performing goodwill impairment tests of the above CGU were as follows:

	31 December 2022
Income growth rate in forecast period	**3.15% ~ 18.20%**
Profit margin in forecast period	**35.75% ~ 37.66%**
Terminal value growth rate	**0%**
Pre-tax discount rate	**14.13%**

(b) GJIHL acquired 50.97% equity interests in Guotai Junan Securities (Vietnam) Corporation (former "Vietnam Investment Securities Company") from a third party in December 2019. The Group recognized the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the cash-generating unit of Guotai Junan Securities (Vietnam) Corporation.

The Company acquired 100% of the equity interests in Guotai Junan Futures Co., Ltd. from a third party in July 2007. The Group recognized the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the CGU of Guotai Junan Futures Co., Ltd..

On 31 December 2022, the estimated recoverable amount of the CGUs of Guotai Junan Futures Co., Ltd. and Guotai Junan Securities (Vietnam) Corporation exceeded their carrying amount therefore no impairment loss was recognized. The key assumptions include comparable quoted prices, budgeted revenue growth rates and discount rates, which represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts of the CGUs to exceed their recoverable amounts.

27. OTHER INTANGIBLE ASSETS

	Software	Trading seats rights	Others	Total
Cost				
As at 1 January 2022	**1,366,510**	**205,775**	**14,263**	**1,586,548**
Additions	**270,178**	**–**	**–**	**270,178**
Business combination	**6,666**	**–**	**–**	**6,666**
Disposal	**(56)**	**–**	**–**	**(56)**
Exchange adjustments	**–**	**356**	**14**	**370**
As at 31 December 2022	**1,643,298**	**206,131**	**14,277**	**1,863,706**
Accumulated amortization				
As at 1 January 2022	**(779,825)**	**(126,259)**	**(2,172)**	**(908,256)**
Amortization	**(205,657)**	**–**	**(499)**	**(206,156)**
Disposal	**56**	**–**	**–**	**56**
Exchange adjustments	**–**	**(146)**	**(3)**	**(149)**
As at 31 December 2022	**(985,426)**	**(126,405)**	**(2,674)**	**(1,114,505)**
Impairment				
As at 1 January 2022 and 31 December 2022	**–**	**(4,927)**	**(10,475)**	**(15,402)**
Net carrying amount				
As at 31 December 2022	**657,872**	**74,799**	**1,128**	**733,799**

27. OTHER INTANGIBLE ASSETS *(continued)*

	Software	Trading seats rights	Securities and futures brokerage qualification	Others	Total
Cost					
As at 1 January 2021	1,252,253	206,186	1,066,264	15,903	2,540,606
Additions	264,710	33	–	9	264,752
Disposal	–	(444)	–	–	(444)
Lost control of a subsidiary	(150,453)	–	(1,066,264)	(1,649)	(1,218,366)
As at 31 December 2021	1,366,510	205,775	–	14,263	1,586,548
Accumulated amortization					
As at 1 January 2021	(718,566)	(126,539)	–	(2,286)	(847,391)
Amortization	(179,556)	(19)	–	(691)	(180,266)
Disposal	–	299	–	–	299
Lost control of a subsidiary	118,297	–	–	805	119,102
As at 31 December 2021	(779,825)	(126,259)	–	(2,172)	(908,256)
Impairment					
As at 1 January 2021 and 31 December 2021	–	(4,927)	–	(10,475)	(15,402)
Net carrying amount					
As at 31 December 2021	586,685	74,589	–	1,616	662,890

28. INVESTMENTS IN SUBSIDIARIES

	As at 31 December	
	2022	2021
Unlisted shares, carried at cost	**26,965,388**	19,899,368
Less:Impairment losses	**–**	–
Total	**26,965,388**	19,899,368

28. INVESTMENTS IN SUBSIDIARIES *(continued)*

(a) Details of the subsidiaries held by the Company

The following list contains particulars of the subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of registration or primary business	Paid-in capital	Principal activities	Equity interests held as at 31 December 2022	2021
Guotai Junan Innovation Investment Co., Ltd. (1)(3)	Shanghai PRC	RMB7,500,000,000	Equity investment and investment consulting	**100%**	100%
Shanghai Guotai Junan Securities Asset Management Co., Ltd. ("GTJA Asset Management") (1)(3)	Shanghai PRC	RMB2,000,000,000	Securities asset management and fund management	**100%**	100%
Guotai Junan Zhengyu Investment Co., Ltd. (1)(3)	Shanghai PRC	RMB4,000,000,000	Equity investment and financial products investment	**100%**	100%
Shanghai Guoxiang Real Estate Co., Ltd. (1)(3)	Shanghai PRC	RMB1,050,000,000	Real estate and property management	**100%**	100%
Guotai Junan Financial Holdings Limited (1)	HK PRC	HKD2,611,980,000	Investment service	**100%**	100%
Guotai Junan Risk Management Co., Ltd. (3)	Shanghai PRC	RMB1,200,000,000	Warehouse service, cooperation hedge, investment management and corporate management consulting	**100%**	100%
Shanghai Gelong Entrepreneurship Investment Co., Ltd. (3)	Shanghai PRC	RMB100,000,000	Venture capital investment and management	**100%**	100%
Shanghai GTJA Juntong Investment Management Co., Ltd. (3)	Shanghai PRC	RMB10,000,000	Investment management, industrial investment and investment consulting	**100%**	100%
Guotai Junan (Shanghai) Science and Technology Equity Investment Fund Management Co., Ltd. (3)	Shanghai PRC	N/A	Equity investment, venture capital investment and asset management	**N/A**	100%
Guotai Junan Futures Co., Ltd. (1)(3)	Shanghai PRC	RMB5,000,000,000	Futures brokerage and futures investment consulting	**100%**	100%
Guotai Junan Capital Management Co., Ltd. ("Guotai Junan Capital") (3)	Shanghai PRC	RMB1,233,563,200	Asset management, equity investment and fund management	**99%**	99%

28. INVESTMENTS IN SUBSIDIARIES *(continued)*

(a) Details of the subsidiaries held by the Company *(continued)*

Name of company	Place of registration or primary business	Paid-in capital	Principal activities	Equity interests held as at 31 December 2022	2021
GTJA Yuancheng (Shanghai) Private Fund Management Co., Ltd. (formerly known as "Shanghai North Industries GTJA Investment Management Co., Ltd.") [(3)]	Shanghai PRC	RMB730,025,345	Investment management, industrial investment and investment consulting	**99%**	99%
Shanghai GTJA Haojing Investment Management Co., Ltd. [(3)]	Shanghai PRC	RMB10,000,000	Investment management, industrial investment and investment consulting	**100%**	100%
Guotai Junan Futures (Singapore) Pte. Ltd.	Singapore	SGD8,000,000	Commodity futures and foreign exchange brokers and dealers	**100%**	100%
HuaAn Funds [(1)(3)]	Shanghai PRC	RMB150,000,000	Fund establishment and fund management	**51%**	28%
HuaAn Asset Management (Hong Kong) Limited	HK PRC	HKD100,000,000	Financial services	**51%**	28%
HuaAn Future Asset Management (Shanghai) Limited [(3)]	Shanghai PRC	RMB278,700,000	Asset management for specific clients	**51%**	28%
Guotai Junan Investments (Hong Kong) Limited	HK PRC	HKD1,533,500,000	Investment	**100%**	100%
Guotai Junan Consultancy Services (Shenzhen) Limited [(3)]	Shenzhen PRC	HKD12,000,000	Investment consulting, marketing planning and corporate management consulting	**100%**	100%
Guotai Junan Holdings Limited	British Virgin Is.	USD1	Debt financing	**100%**	100%
GJIHL	HK PRC	HKD10,902,194,720	Investment and financing	**73.74%**	73.24%
Guotai Junan (Hong Kong) Limited	Samoa	USD816,300,000	Investment and administrative management	**73.74%**	73.24%
Guotai Junan Fund Management Limited [(2)]	HK PRC	HKD10,000,000	Fund management and securities trading	**36.87%**	36.62%
Guotai Junan Securities (Hong Kong) Limited	HK PRC	HKD7,500,000,000	Securities brokerage	**73.74%**	73.24%
Guotai Junan Finance (Hong Kong) Limited	HK PRC	HKD300,000,000	Investment and financing	**73.74%**	73.24%
Guotai Junan Futures (Hong Kong) Limited	HK PRC	HKD50,000,000	Futures brokerage	**73.74%**	73.24%
Guotai Junan Capital Limited	HK PRC	HKD50,000,000	Investment consulting	**73.74%**	73.24%

28. INVESTMENTS IN SUBSIDIARIES *(continued)*

(a) Details of the subsidiaries held by the Company *(continued)*

Name of company	Place of registration or primary business	Paid-in capital	Principal activities	Equity interests held as at 31 December 2022	2021
Guotai Junan Asset Management (Asia) Limited	HK PRC	HKD50,000,000	Fund management	**73.74%**	73.24%
Guotai Junan FX Limited	HK PRC	HKD30,000,000	Foreign exchange dealing	**73.74%**	73.24%
Guotai Junan International (Singapore) Pte. Limited	Singapore	SGD9,300,000	Investment management	**73.74%**	73.24%
Guotai Junan International Asset Management (Singapore) Pte. Limited	Singapore	SGD4,200,000	Asset management	**73.74%**	73.24%
Guotai Junan Financial Products Limited	HK PRC	HKD1,000,000	Investment and securities trading	**73.74%**	73.24%
Guotai Junan International Securities (Singapore) Pte. Limited	Singapore	SGD3,500,000	Securities brokerage	**73.74%**	73.24%
Guotai Junan Global Limited	British Virgin Is.	USD5,000,000	Investment management	**100%**	100%
Guotai Junan Securities USA Holding, Inc.	USA	USD5,000,000	Investment management	**100%**	100%
Guotai Junan Securities USA, Inc.	USA	USD5,000,000	M&A consulting services	**100%**	100%
Guotai Junan Securities (Vietnam) Corporation (4)	Vietnam	VND693.5 billion	Securities brokerage	**37.59%**	37.33%

(1) These subsidiaries are directly held by the Company.

(2) GJIHL, a subsidiary controlled by the Company through its voting rights of 73.74%, who considers that it has the ability to govern the financial and operating policies of Guotai Junan Fund Management Limited as it has the power to appoint or remove the majority of the members of the board of directors of Guotai Junan Fund Management Limited. As a result, Guotai Junan Fund Management Limited is accounted for as a subsidiary of the Company.

(3) All of the subsidiaries established in the PRC are registered as companies with limited liability under PRC law.

(4) GJIHL, a subsidiary controlled by the Company through its voting rights of 73.74%, controls Guotai Junan Securities (Vietnam) Corporation by holding 50.97% of its equity interests. As a result, Guotai Junan Securities (Vietnam) Corporation is accounted for as a subsidiary of the Company.

28. INVESTMENTS IN SUBSIDIARIES *(continued)*

(b) Partially-owned subsidiaries with material non-controlling interests

The following table lists the information related to the major subsidiaries of the Group which have material non-controlling interests ("NCI"). The summarized financial information presented below represents the amounts before any inter-company elimination.

HuaAn Funds	As at 31 December 2022 (Unaudited)
NCI percentage	49%
Current assets	3,119,630
Non-current assets	3,887,381
Current liabilities	1,918,174
Non-current liabilities	87,374
Net assets	5,001,463
Carrying amount of NCI	2,450,702

	Period from 4 November 2022 to 31 December 2022 (Unaudited)
Total revenue and other income	593,176
Total expenses and income tax expense	406,261
Profit for the year	186,915
Total comprehensive income	184,502
Profit attributable to NCI	91,588
Other comprehensive income attributable to NCI	(1,182)
Distribution to NCI	–
Cash flows generated from operating activities	79,114
Cash flows used in investing activities	(69,751)
Cash flows used in financing activities	(8,437)

28. INVESTMENTS IN SUBSIDIARIES *(continued)*

(b) Partially-owned subsidiaries with material non-controlling interests *(continued)*

GJIHL	As at 31 December	
	2022	2021
NCI percentage	**26.26%**	26.76%
Current assets	**69,382,810**	72,098,928
Non-current assets	**14,991,085**	14,802,217
Current liabilities	**59,395,621**	64,852,361
Non-current liabilities	**11,636,218**	9,427,543
Net assets	**13,342,056**	12,621,241
Carrying amount of NCI	**3,640,012**	3,477,948

	Year ended 31 December	
	2022	2021
Total revenue and other income	**1,992,961**	3,297,612
Total expenses and income tax expense	**1,921,602**	2,381,588
Profit for the year	**71,359**	916,024
Total comprehensive income	**29,085**	955,040
Profit attributable to NCI	**21,001**	268,813
Distribution to NCI	**110,448**	212,242
Cash flows generated from operating activities	**1,866,885**	5,051,626
Cash flows used in investing activities	**(33,768)**	(35,753)
Cash flows generated from/(used in) financing activities	**251,396**	(5,126,945)

28. INVESTMENTS IN SUBSIDIARIES *(continued)*

(c) Acquisition of subsidiary

In accordance with the requirements in the approval from CSRC and the relevant administrative regulations on state-owned assets, industrial and commercial registration and filing procedures for the acquisition of 8% equity interests in HuaAn Funds was completed in November 2022. Accordingly, the Company's equity interests in HuaAn Funds have been changed to 51%. HuaAn Funds has become a subsidiary of the Company.

(1) Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred.

	HuaAn Funds
Cash	1,062,700

(2) Identifiable assets acquired and liabilities assumed

The following table summarises the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

	HuaAn Funds
Property and equipment	242,366
Investment property	206,687
Right-of-use assets	43,248
Other intangible assets	6,666
Debt investments at amortised cost	3,070,835
Equity instruments at fair value through other comprehensive income	25,000
Financial assets at fair value through profit or loss	2,343,447
Deferred tax assets	275,934
Accounts receivable	354,130
Other current assets	83,572
Cash and bank balances	189,303
Employee benefits payable	(1,095,139)
Income tax payable	(197,837)
Lease liabilities	(44,997)
Other current liabilities	(608,905)
Deferred tax liabilities	(77,379)
Total identifiable net assets at fair value	4,816,931

28. INVESTMENTS IN SUBSIDIARIES *(continued)*

(c) Acquisition of subsidiary *(continued)*

(2) Identifiable assets acquired and liabilities assumed *(continued)*

The fair value is based on quoted prices (unadjusted) in active markets for identical assets when the market are available; Where there is no active market, but there is an active market for the identical or similar assets, the fair value is referred to the market price of the identical or similar assets; Where there is no active market for identical or similar assets, valuation techniques are used to determine the fair value.

The above identifiable liabilities are based on the fair value of the amount payable or the present value of the amount payable.

(3) Goodwill

Goodwill arising from the acquisition has been recognized as follows.

	Note	**HuaAn Funds**
Consideration transferred	28(c)(1)	1,062,700
NCI, based on their proportionate interest in the recognized amounts of the assets and liabilities of HuaAn Funds		2,360,296
Fair value of pre-existing interest in HuaAn Funds		5,443,800
Less: fair value of identifiable net assets	28(c)(2)	(4,816,931)
Goodwill		4,049,865

The goodwill is mainly attributable to the expected synergies, revenue growth, and future market development. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Since the acquisition, HuaAn Funds contributed RMB593,176 thousand to the Group's operating revenue and RMB186,915 thousand to the consolidated profit for the year ended 31 December 2022.

29. INTERESTS IN STRUCTURED ENTITIES

(a) Interests in consolidated structured entities

The Group has consolidated certain structured entities, including investment funds, asset management plans and limited partnerships etc. For those structured entities where the Group is involved as a manager, investment adviser or general partner, the Group assesses whether the combination of investments it held together with its remuneration creates an exposure to variability of returns from the activities of those structured entities that is of such significance that indicates that the Group is a principal.

Interests held by other investors in these consolidated structured entities were classified as financial liabilities at fair value through profit or loss, other current liabilities and other non-current liabilities in the consolidated statement of financial position.

(b) Interests in unconsolidated structured entities

The Group exercised the power over the structured entities including investment funds, asset management plans, trust schemes, wealth management products and limited partnerships by acting as a manager or general partner during the year. Except for the structured entities the Group has consolidated as stated in Note 29(a), in management's opinion, the Group's exposure to variable returns of these structured entities that the Group has interests in are not significant. The Group therefore did not consolidate these structured entities.

The Group classified the investments in unconsolidated investment funds, asset management plans, trust schemes, wealth management products and limited partnerships managed by the Group as financial assets at fair value through profit or loss and investments in associates and joint ventures. As at 31 December 2022 and 2021, the carrying amounts of the Group's interests in unconsolidated structured entities were RMB13,929 million and RMB8,937 million, respectively. The management fee arising from these unconsolidated structured entities in which the Group did not hold interest amounted to RMB1,115 million and RMB862 million for the years ended 31 December 2022 and 2021, respectively.

29. INTERESTS IN STRUCTURED ENTITIES *(continued)*

(c) Interests in structured entities sponsored by third party institutions

The types of structured entities that the Group does not consolidate but in which it holds interests include investment funds, limited partnerships, asset management plans, and wealth management products issued by banks or other financial institutions. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These vehicles are financed through the issue of units to investors.

The carrying amount of the related accounts in the consolidated statements of financial position is equal to the maximum exposure to loss of interests held by the Group in the unconsolidated structured entities sponsored by third party institutions as at 31 December 2022 and 31 December 2021, which are listed as below:

	As at 31 December 2022		As at 31 December 2021	
	Carrying amount	**Maximum exposure**	Carrying amount	Maximum exposure
Financial assets at fair value through profit or loss	**102,448,858**	**102,448,858**	91,339,244	91,339,244

30. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	As at 31 December	
	2022	2021
Share of net assets		
– Associates	**6,362,391**	7,434,717
– Joint ventures	**5,081,873**	5,492,824
Total	**11,444,264**	12,927,541

30. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

At the end of each reporting period, the Group had the following associates and joint ventures:

Name of associates and joint ventures	Place of incorporation or primary business	Registered capital/ Capital commitment (Expressed in yuan)	Principal activities	Percentage of equity interests as at 31 December 2022	2021
Associates:					
Shenzhen GTJA Shenyi Phase I Investment Fund LLP	Shenzhen PRC	RMB400,000,000	Investment management and advisory	**25%**	25%
Shanghai Kechuang Center Equity Investment Fund Management Co., Ltd. (2)	Shanghai PRC	RMB100,000,000	Investment and equity investment management	**13%**	13%
Shenzhen United Property and Share Rights Exchange (2)	Shenzhen PRC	RMB500,000,000	Provision of intermediary services and equity registration services for equity trading	**10%**	10%
Shanghai Jizhi Consulting & Management Co., Ltd. (2)	Shanghai PRC	RMB10,000,000	Enterprise management consulting, lease of non-residential and residential real estate	**15%**	15%
Shanghai Urban Renewal Guidance Private Fund LLP (2)	Shanghai PRC	RMB10,002,000,000	Investment management and equity investment	**0.01%**	0.01%
Shanghai Securities	Shanghai PRC	RMB5,326,532,000	Securities brokerage, proprietary trading, underwriting and investment consulting	**24.99%**	25%
Shanghai Lingang GTJA Technology Frontier Industry Private Fund LLP	Shanghai PRC	RMB8,020,000,000	Investment management, equity investment and asset management	**25%**	–
Joint ventures:					
Xiamen Junxin Equity Investment Company LLP (2)	Xiamen PRC	RMB200,100,000	Equity investment and advisory	**10%**	10%
Shanghai Guojun Chuangtou Longxu Investment Management Centre LLP	Shanghai PRC	RMB100,000,000	Industrial investment and investment management	**25%**	25%
Shanghai Guojun Chuangtou Longsheng Investment Centre LLP	Shanghai PRC	RMB500,000,000	Industrial investment and investment management	**20%**	20%
Shanghai Guojun Chuangtou Longzhao Investment Management Centre LLP (1)	Shanghai PRC	RMB1,000,200,000	Industrial investment and investment management	**55%**	55%
Shanghai Junzheng Investment Management Co., Ltd. (1)	Shanghai PRC	RMB10,000,000	Investment management and advisory	**61%**	61%
Shanghai Guojun Chuangtou Zhengjun No.2 Equity Investment LLP	Shanghai PRC	RMB100,010,000	Investment management and advisory	**25%**	25%
Juntong Phase II Fund	Shanghai PRC	RMB401,000,000	Investment management and advisory	**50%**	50%
Shanghai North Industries GTJA Investment Centre LLP (2)	Shanghai PRC	RMB652,000,000	Investment management and advisory	**16%**	16%
Shanghai GTJA Chuangxin Equity Investment Master Fund Center LLP	Shanghai PRC	RMB8,008,000,000	Equity investment and advisory	**50%**	50%
Qingdao GTJA Xinxing No.1 Equity Investment Fund LLP	Qingdao PRC	RMB728,500,000	Equity investment and advisory	**48%**	48%
Yancheng GTJA Zhiyuan No.1 Investment Centre LLP	Yancheng PRC	RMB500,000,000	Equity investment and investment advisory	**20%**	20%

30. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

(1) Although the Group's percentages of shareholdings in these investees are higher than 50%, they are accounted for as joint ventures as the Group only has joint control over these investees due to the relevant arrangements stipulated in the articles of association or other agreements.

(2) Although the Group's percentages of shareholdings in these investees are lower than 20%, they are accounted for as associates or joint ventures as the Group has significant influence over these investees due to the relevant arrangements stipulated in the articles of association or other agreements.

The following table summarises unaudited financial information of Shanghai Securities and HuaAn Funds as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies, if any. The table also reconciles the summarized financial information to the carrying amount of the Group's interests in Shanghai Securities and HuaAn Funds.

Shanghai Securities

	As at 31 December	
	2022	2021
	(Unaudited)	(Audited)
Gross amounts of the associate		
Assets	**67,448,004**	69,802,891
Liabilities	**50,391,341**	52,874,614
Net assets	**17,056,663**	16,928,277
Net assets pro rata to shareholding ratio	**4,262,460**	4,230,376
Other adjustments	**1,129,041**	1,135,862
Carrying amount of interest in associate	**5,391,501**	5,366,238

	Year ended 31 December	
	2022	2021
	(Unaudited)	(Audited)
Revenue	**2,860,536**	2,280,054
Profit for the year	**297,214**	766,106
Other comprehensive income	**(168,828)**	274,550
Total comprehensive income	**128,386**	1,040,656
Dividend received from the associate	**–**	–

30. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

HuaAn Funds

	As at 31 December 2021 (Audited)
Gross amounts of the associate	
Assets	6,245,703
Liabilities	2,097,714
Net assets	4,147,989
Net assets based on shareholding ratio	1,161,437
Other adjustments	729,229
Carrying amount of interest in associate	1,890,666

	Year ended 31 December 2021 (Audited)
Revenue	3,630,983
Profit for the year	1,005,772
Other comprehensive income	(2,671)
Total comprehensive income	1,003,101
Dividend received from the associate	60,000

The following table illustrates the aggregate financial information of the Group's associates and joint ventures that are not individually material:

	Year ended 31 December	
	2022	2021
Share of associates' profit for the year	**21,038**	32,330
Share of joint ventures' profit for the year	**315,913**	86,239

30. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

	Year ended 31 December	
	2022	2021
Share of associates' total comprehensive income for the year	**21,038**	20,138
Share of joint ventures' total comprehensive income for the year	**311,936**	366,303

	As at 31 December	
	2022	2021
Aggregate carrying amount of the Group's investments in associates	**970,890**	177,813
Aggregate carrying amount of the Group's investments in joint ventures	**5,081,873**	5,492,824

31. DEBT INVESTMENTS AT AMORTISED COST

Non-current

	As at 31 December	
	2022	2021
Government bonds	**2,787,707**	–
Less: impairment losses	**–**	–
Total	**2,787,707**	–
Analyzed as:		
Listed in Hong Kong	**–**	–
Listed outside Hong Kong	**–**	–
Unlisted	**2,787,707**	–
Total	**2,787,707**	–

31. DEBT INVESTMENTS AT AMORTISED COST *(continued)*

Current

	As at 31 December	
	2022	2021
Government bonds	**368,442**	–
Less: impairment losses	**–**	–
Total	**368,442**	–
Analyzed as:		
Listed in Hong Kong	**–**	–
Listed outside Hong Kong	**–**	–
Unlisted	**368,442**	–
Total	**368,442**	–

As at 31 December 2022, the carrying amount of debt investments at amortised cost comprises RMB3,027,121 thousand of investment from general risk reserve (31 December 2021: nil).

As at 31 December 2022, ECL allowance provided for debt investments at amortised cost was nil.

32. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Non-current

	As at 31 December	
	2022	2021
Government bonds	**32,355,793**	32,110,210
Corporate bonds	**7,795,794**	7,551,263
Financial bonds	**6,342,509**	7,887,659
Other bonds	**9,865,451**	7,485,643
Total	**56,359,547**	55,034,775
Analyzed as:		
Listed in Hong Kong	**668,961**	988,933
Listed outside Hong Kong	**25,631,555**	27,880,149
Unlisted	**30,059,031**	26,165,693
Total	**56,359,547**	55,034,775

32. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(continued)*

Current

	As at 31 December	
	2022	2021
Government bonds	**2,123,953**	354,607
Corporate bonds	**1,942,037**	1,484,747
Other bonds	**763,778**	7,256,151
Financial bonds	**–**	2,708,136
Total	**4,829,768**	11,803,641
Analyzed as:		
Listed in Hong Kong	**197,656**	–
Listed outside Hong Kong	**2,759,504**	4,157,506
Unlisted	**1,872,608**	7,646,135
Total	**4,829,768**	11,803,641

As at 31 December 2022, debt instruments at fair value through other comprehensive income of the Group included approximately RMB53,962,716 thousand of pledged, restricted or transferred assets (31 December 2021: RMB63,820,807 thousand).

(a) Analysis of the movements of allowance for ECLs:

	Year ended 31 December	
	2022	2021
At the beginning of the year	**151,325**	154,309
Charge for the year	**66,759**	114,265
Reversal	**(48,638)**	–
Amounts written off and others	**(70,446)**	(32,871)
Lost control of a subsidiary	**–**	(84,378)
At the end of the year	**99,000**	151,325

32. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(continued)*

(b) Analysis of the stages of allowance for ECLs:

	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2022	**68,033**	**30,967**	**–**	**99,000**
As at 31 December 2021	80,933	62,044	8,348	151,325

33. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Non-current

	As at 31 December	
	2022	2021
Equity securities (1) (2) (3)	**2,331,288**	2,480,358
Total	**2,331,288**	2,480,358
Analyzed as:		
Listed in Hong Kong	**73,520**	–
Listed outside Hong Kong	**2,011,326**	2,034,258
Unlisted	**246,442**	446,100
Total	**2,331,288**	2,480,358

(1) During the year ended 31 December 2022, the Group has designated some investments held as non-trading purpose, as equity instruments at fair value through other comprehensive income. The dividend income relating to equity instruments at fair value through other comprehensive income is disclosed in Note 8.

During the year ended 31 December 2022, the Group disposed of some of the equity instruments at fair value through other comprehensive income in response to the change in external conditions. The accumulated net realized losses and the dividend income of the equity instruments disposed of amounted to RMB200 million (2021: gains of RMB248 million) and RMB165 thousand (2021: RMB785,267 thousand), respectively.

(2) As at 31 December 2022, equity instruments at fair value through other comprehensive income of the Group included approximately RMB72,709 thousand (2021: RMB100,236 thousand) of pledged, restricted or transferred shares.

(3) Securities lending of equity instruments at fair value through other comprehensive income of the Group refer to Note 61(2).

34. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analyzed by collateral type:

Non-current

	As at 31 December	
	2022	2021
Equity securities	**300,552**	1,924,261
Less: Allowance for ECLs	**(1,692)**	(30,917)
Total	**298,860**	1,893,344

Current

	As at 31 December	
	2022	2021
Debt securities	**44,612,790**	33,015,545
Equity securities	**28,127,233**	26,681,539
Precious metals	**243,565**	337,009
Less: Allowance for ECLs	**(2,146,228)**	(2,344,684)
Total	**70,837,360**	57,689,409

(b) Analyzed by market:

Non-current

	As at 31 December	
	2022	2021
Stock exchanges	**300,552**	1,924,261
Less: Allowance for ECLs	**(1,692)**	(30,917)
Total	**298,860**	1,893,344

34. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS *(continued)*

(b) Analyzed by market: (continued)

Current

	As at 31 December	
	2022	2021
Stock exchanges	**39,715,856**	38,585,325
Interbank market	**32,497,625**	17,477,967
Over the counter	**770,107**	3,970,801
Less: Allowance for ECLs	**(2,146,228)**	(2,344,684)
Total	**70,837,360**	57,689,409

(c) Analysis of the movements of allowance for ECLs:

	Year ended 31 December	
	2022	2021
At the beginning of the year	**2,375,601**	3,292,531
Charge for the year	**92,226**	–
Reversal	**(319,958)**	(596,813)
Amounts written off and others	**51**	(53)
Lost control of a subsidiary	**–**	(320,064)
At the end of the year	**2,147,920**	2,375,601

(d) Analyzed by the stages of allowance for ECLs:

	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2022	**121,901**	**1,149**	**2,024,870**	**2,147,920**
As at 31 December 2021	108,922	918	2,265,761	2,375,601

As at 31 December 2022, the carrying amount of financial assets held under resale agreements, for which the loss allowance is measured at an amount equal to 12-month and lifetime expected credit losses, is RMB70,817,275 thousand and RMB318,945 thousand respectively (As at 31 December 2021: RMB58,598,895 thousand and RMB983,858 thousand respectively).

34. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS *(continued)*

(e) Analyzed by the stages of allowance for ECLs of stock-pledged financing:

	As at 31 December 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount	**23,695,195**	**11,526**	**2,333,438**	**26,040,159**
Allowance for ECLs	**(102,610)**	**(1,149)**	**(2,024,870)**	**(2,128,629)**
Fair value of collateral	**61,445,387**	**14,232**	**431,310**	**61,890,929**

	As at 31 December 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	23,716,501	155,470	3,095,067	26,967,038
Allowance for ECLs	(98,452)	(918)	(2,265,761)	(2,365,131)
Fair value of collateral	73,846,833	822,867	1,454,595	76,124,295

35. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Non-current

	As at 31 December	
	2022	2021
At fair value through profit or loss:		
Perpetual bonds/preferred stock	**8,851,815**	7,069,743
Funds	**6,246,243**	6,094,904
Equity securities	**4,026,833**	2,293,098
Debt securities	**2,002,052**	4,489,079
Total	**21,126,943**	19,946,824
Analyzed as:		
Listed in Hong Kong	**4,410,192**	3,481,517
Listed outside Hong Kong	**2,480,459**	1,931,102
Unlisted	**14,236,292**	14,534,205
Total	**21,126,943**	19,946,824

35. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Current

	As at 31 December	
	2022	2021
At fair value through profit or loss:		
Debt securities	**146,556,372**	127,265,477
Funds	**90,733,903**	76,982,953
Equity securities	**47,264,243**	32,806,547
Asset management schemes	**11,645,982**	11,244,267
Perpetual bonds/preferred stock	**11,199,316**	12,531,362
Wealth management products	**1,854,763**	437,652
Other investments (1)	**1,019,722**	3,169,979
Total	**310,274,301**	264,438,237
Analyzed as:		
Listed in Hong Kong	**24,253,783**	25,927,623
Listed outside Hong Kong	**117,855,989**	90,053,787
Unlisted	**168,164,529**	148,456,827
Total	**310,274,301**	264,438,237

(1) Other investments mainly represent investments in precious metals, etc.

(2) As at 31 December 2022, financial assets at fair value through profit or loss of the Group included approximately RMB147,852,857 thousand (As at 31 December 2021: RMB127,098,355 thousand) of pledged, restricted or transferred assets.

(3) Securities lending of financial assets at fair value through profit or loss of the Group refer to Note 61 (2).

36. REFUNDABLE DEPOSITS

	As at 31 December	
	2022	2021
Deposits with exchanges and other financial institutions:		
Futures deposits	**49,539,722**	34,181,270
Trading deposits	**7,383,043**	4,373,517
Performance deposits	**1,463,747**	1,021,154
Credit deposits	**510,753**	614,583
Other deposits	**25,552**	605,168
Total	**58,922,817**	40,795,692

37. DEFERRED TAX

For the purpose of presentation in the Group's statement of financial position, certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December	
	2022	2021
Deferred tax assets	**2,437,814**	1,845,465
Deferred tax liabilities	**(128,523)**	(111,309)
Total	**2,309,291**	1,734,156

37. DEFERRED TAX *(Continued)*

The following are the major deferred tax assets and liabilities recognized and the movements thereon for the years ended 31 December 2022 and 2021:

Deferred tax arising from:	Allowance for ECLs/impairment losses	Employee benefits payable	Changes in fair value of financial instruments	Fair value revaluation on acquisition of subsidiaries	Deductible tax losses	Others	Total
As at 1 January 2021	1,177,049	1,476,962	(762,454)	(424,319)	85,984	69,301	1,622,523
Recognized in profit or loss	34,279	220,479	(662,017)	778	68,579	135,686	(202,216)
Recognized in other comprehensive income	–	–	84,410	–	–	(66,968)	17,442
Transferred out	–	–	57,100	–	–	–	57,100
Lost control of a subsidiary	(142,087)	(77,877)	9,431	423,541	–	26,299	239,307
As at 31 December 2021	1,069,241	1,619,564	(1,273,530)	–	154,563	164,318	1,734,156
Recognized in profit or loss	(161,288)	(74,950)	347,276	865	166,864	(77,495)	201,272
Recognized in other comprehensive income	–	–	224,338	–	–	994	225,332
Transferred out	–	–	(50,024)	–	–	–	(50,024)
Business combination	–	269,044	3,960	(77,379)	–	2,930	198,555
As at 31 December 2022	**907,953**	**1,813,658**	**(747,980)**	**(76,514)**	**321,427**	**90,747**	**2,309,291**

The Group did not have significant unrecognized deductible temporary differences and deductible losses.

38. OTHER NON-CURRENT ASSETS

	As at 31 December	
	2022	2021
Advances relating to lawsuits	**343,644**	256,037
Term loan	**210,244**	192,434
Rental Deposit	**94,514**	53,931
Long-term deferred expenses	**47,124**	48,739
Others	**738,683**	764,098
Less: Allowance for ECLs	**(1,279,727)**	(1,211,488)
Total	**154,482**	103,751

(a) Analysis of the movements of allowance for ECLs:

	Year ended 31 December	
	2022	2021
At the beginning of the year	**1,211,488**	933,664
Charge for the year	**58,653**	307,936
Transfer in	**–**	165,522
Lost control of a subsidiary	**–**	(193,199)
Reversal	**(7,474)**	–
Amounts written off and others	**17,060**	(2,435)
At the end of the year	**1,279,727**	1,211,488

(b) Analyzed by the stages of allowance for ECLs:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
As at 31 December 2022	**86**	**–**	**1,279,641**	**1,279,727**
As at 31 December 2021	–	–	1,211,488	1,211,488

39. ACCOUNTS RECEIVABLE

	As at 31 December	
	2022	2021
Accounts receivable from:		
– Brokers and dealers	**5,659,009**	4,807,568
– Settlement	**4,520,124**	3,121,941
– Fee and commission	**1,299,058**	1,348,864
– Fund management fee	**299,013**	1,364
– Cash and custodian clients	**8,854**	52,992
Less: Allowance for ECLs	**(27,008)**	(20,707)
Total	**11,759,050**	9,312,022

(a) Analyzed by aging:

	As at 31 December	
	2022	2021
Within 1 year	**11,678,777**	9,312,022
1 to 2 years	**67,039**	–
2 to 3 years[1]	**3,390**	–
Over 3 years[1]	**9,844**	–
Total	**11,759,050**	9,312,022

(1) Assumed in the business combination.

(b) Analysis of the movements of allowance for ECLs:

	Year ended 31 December	
	2022	2021
At the beginning of the year	**20,707**	7,124
Charge for the year	**6,507**	15,214
Amounts written off and others	**(206)**	(1,631)
At the end of the year	**27,008**	20,707

39. ACCOUNTS RECEIVABLE *(continued)*

(c) Analyzed by the stages of allowance for ECLs:

	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2022	**27,008**	**–**	**–**	**27,008**
As at 31 December 2021	20,707	–	–	20,707

40. OTHER CURRENT ASSETS

	As at 31 December	
	2022	2021
Prepayments	**1,191,611**	87,130
Bulk commodity trading inventories	**469,641**	706,018
Term loan	**207,504**	825,595
Rental deposit	**149,944**	182,956
Deferred expenses	**40,585**	31,090
Dividends receivable	**14,758**	237,099
Others	**968,120**	842,600
Less: Allowance for ECLs/impairment losses	**(129,050)**	(1,196)
Total	**2,913,113**	2,911,292

(a) Analysis of the movements of allowance for ECLs/impairment losses:

	Year ended 31 December	
	2022	2021
At the beginning of the year	**1,196**	165,997
Charge for the year	**148,745**	721
Transfer out	**–**	(165,522)
Reversal	**(24,533)**	–
Amounts written off and others	**3,642**	–
At the end of the year	**129,050**	1,196

40. OTHER CURRENT ASSETS *(Continued)*

(b) Analyzed by the stages of allowance for ECLs:

	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2022	**–**	**–**	**129,050**	**129,050**
As at 31 December 2021	–	–	1,196	1,196

41. MARGIN ACCOUNTS RECEIVABLE

	As at 31 December	
	2022	2021
Individuals	**65,102,652**	79,503,522
Institutions	**24,017,351**	32,059,135
Less: Allowance for ECLs	**(2,004,494)**	(2,275,350)
Total	**87,115,509**	109,287,307

(a) Analysis of the movements of allowance for ECLs:

	Year ended 31 December	
	2022	2021
At the beginning of the year	**2,275,350**	1,832,821
Charge for the year	**166,600**	502,666
Reversal	**(575,260)**	–
Amounts written off and others	**137,804**	(41,686)
Lost control of a subsidiary	**–**	(18,451)
At the end of the year	**2,004,494**	2,275,350

41. MARGIN ACCOUNTS RECEIVABLE *(continued)*

(b) Analyzed by the stages of allowance for ECLs:

	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2022	**218,522**	**659**	**1,785,313**	**2,004,494**
As at 31 December 2021	193,107	4,149	2,078,094	2,275,350

The carrying amount of margin accounts receivable, for which the loss allowance is measured at an amount equal to 12-month and lifetime expected credit losses, are RMB87,047,859 thousand and RMB67,650 thousand respectively (2021: RMB108,694,573 thousand and RMB592,734 thousand respectively).

(c) The fair value of collateral for the margin financing and securities lending business is analyzed as follows:

	As at 31 December	
	2022	2021
Fair value of collateral:		
– Stocks	**271,607,440**	373,439,969
– Cash	**13,003,534**	18,352,879
– Funds	**10,880,250**	10,248,942
– Bonds	**576,846**	670,575
Total	**296,068,070**	402,712,365

42. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December 2022		
		Fair value	
	Nominal amount	**Assets**	**Liabilities**
Interest rate derivatives	**1,766,870,241**	**811,133**	**(323,843)**
Equity derivatives	**484,929,704**	**6,608,072**	**(7,247,346)**
Currency derivatives	**158,827,835**	**377,987**	**(1,636,354)**
Other derivatives	**122,561,956**	**790,024**	**(987,643)**
Less: Cash (received)/paid as settlement		**(354,393)**	**404,527**
Total		**8,232,823**	**(9,790,659)**

	As at 31 December 2021		
		Fair value	
	Nominal amount	Assets	Liabilities
Interest rate derivatives	1,992,437,532	136,123	(506,361)
Equity derivatives	227,163,890	3,547,316	(6,889,040)
Currency derivatives	139,486,067	252,616	(1,741,585)
Other derivatives	63,672,413	484,503	(742,700)
Less: Cash (received)/paid as settlement		(263,159)	126,813
Total		4,157,399	(9,752,873)

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in interest rate swap and currency swap contracts settled in the Shanghai Clearing House, stock index futures, treasury futures, precious metals futures, Au (T+D) and commodity futures were settled daily and the corresponding receipts and payments were included in clearing settlement funds.

43. CLEARING SETTLEMENT FUNDS

	As at 31 December	
	2022	2021
Deposits with stock exchanges		
– China Securities Depository and Clearing Corporation Limited	**6,545,473**	6,701,098
– Others	**869,441**	24,924
Total	**7,414,914**	6,726,022

44. CASH HELD ON BEHALF OF BROKERAGE CUSTOMERS

The Group maintains segregated deposit accounts with banks and authorized institutions to hold cash on behalf of customers arising from its normal course of business. The Group has recorded the related amounts as cash held on behalf of customers and the corresponding liabilities as accounts payable to brokerage customers on the grounds that it is liable for any loss or misappropriation of its brokerage clients' monies. In Mainland China, the use of cash held on behalf of customers for security and the settlement of their transactions are restricted and governed by relevant third-party deposit regulations issued by the CSRC. In Hong Kong, the "Securities and Futures (Customer Money) Rules" implementing the related provisions of the Securities and Futures Ordinance impose similar restrictions.

45. CASH AND BANK BALANCES

	As at 31 December	
	2022	2021
Cash on hand	**468**	411
Bank balances	**30,747,456**	31,655,816
Total	**30,747,924**	31,656,227

As at 31 December 2022, the Group's bank balances of RMB622,810 thousand were restricted (31 December 2021: RMB305,412 thousand).

As at 31 December 2022, the ECL allowance for cash and bank balances amounted to RMB7,669 thousand (31 December 2021: RMB11,116 thousand).

46. LOANS AND BORROWINGS

Non-current

	As at 31 December	
	2022	2021
Unsecured loans and borrowings [(1)]	**559,151**	–
Total	**559,151**	–

Current

	As at 31 December	
	2022	2021
Unsecured loans and borrowings [(2)]	**9,847,547**	4,340,789
Total	**9,847,547**	4,340,789

(1) As at 31 December 2022, the non-current unsecured bank loans of the Group bore interest at rate 3.25% per annum.

(2) As at 31 December 2022 and 2021, the current unsecured loans and borrowings of the Group bore interest at rates ranging from 3.10% to 5.75% per annum and from 0.78% to 0.97% per annum, respectively.

47. SHORT-TERM DEBT INSTRUMENTS

	Nominal interest rate	As at 1 January 2022	Increase	Decrease	As at 31 December 2022
Short-term financing bills payable	**1.87% – 2.80%**	**10,052,164**	**13,446,480**	**16,287,852**	**7,210,792**
Short-term corporate bonds	**2.51% – 2.97%**	**22,065,741**	**3,287,393**	**22,345,294**	**3,007,840**
Medium-term notes	**0.00% – 3.95%**	**9,874,593**	**5,914,335**	**15,320,104**	**468,824**
Structured notes	**0.00% – 4.94%**	**4,028,804**	**7,595,470**	**8,662,251**	**2,962,023**
Total		**46,021,302**	**30,243,678**	**62,615,501**	**13,649,479**

	Nominal interest rate	As at 1 January 2021	Increase	Decrease	As at 31 December 2021
Short-term financing bills payable	2.10% – 3.35%	9,041,957	19,121,497	18,111,290	10,052,164
Short-term corporate bonds	2.67% – 3.40%	18,023,232	26,544,095	22,501,586	22,065,741
Medium-term notes	0.00% – 3.00%	9,785,475	16,511,629	16,422,511	9,874,593
Structured notes	0.00% – 4.50%	11,873,704	8,784,388	16,629,288	4,028,804
Total		48,724,368	70,961,609	73,664,675	46,021,302

48. PLACEMENTS FROM OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2022	2021
Placements from banks	**8,949,902**	9,106,616
Placements from China Securities Finance Corporation Limited ("CSFC") [(1)]	**4,017,303**	3,002,217
Total	**12,967,205**	12,108,833

(1) As at 31 December 2022 and 2021, placements from CSFC were repayable within one year, and bore interest rates ranging from 2.10% to 2.50% per annum and 2.80% per annum, respectively.

49. ACCOUNTS PAYABLE TO BROKERAGE CUSTOMERS

	As at 31 December	
	2022	2021
Margin financing and securities lending deposits	**16,846,289**	18,352,879
Other brokerage business deposits	**178,872,494**	154,130,729
Total	**195,718,783**	172,483,608

Accounts payable to brokerage customers mainly include money held on behalf of customers in banks and clearing houses, and bear interest at the prevailing market interest rates.

The majority of the accounts payable balances are repayable on demand except where certain accounts payable to brokerage customers represent monies received from customers for their margin financing and futures trading activities under the normal course of business. Only amounts in excess of the required deposits and cash collateral stipulated are repayable on demand.

No aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not provide additional value in view of the nature of these businesses.

50. EMPLOYEE BENEFITS PAYABLE

	As at 31 December	
	2022	2021
Salaries, bonuses and allowances	**8,833,373**	8,176,606
Social welfare and others	**204,119**	231,284
Contributions to a defined contribution scheme	**20,212**	16,285
Total	**9,057,704**	8,424,175

The Group provides an additional enterprise annuity plan to employees in mainland China. According to the plan, when an employee leaves the company, some of the enterprise payment amount may be transferred back to the enterprise annuity enterprise account according to the actual working time. There is no case of using forfeited contributions to reduce the existing contribution level.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

51. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analyzed by collateral type:

	As at 31 December	
Current	**2022**	2021
Bonds	**150,108,765**	140,937,997
Funds	**15,159,976**	14,915,827
Precious metals	**7,967,941**	9,030,268
Total	**173,236,682**	164,884,092

(b) Analyzed by market:

	As at 31 December	
Current	**2022**	2021
Interbank market	**89,155,945**	84,991,495
Stock exchanges	**76,112,796**	70,862,329
Shanghai gold exchange	**7,967,941**	9,030,268
Total	**173,236,682**	164,884,092

52. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Current

	As at 31 December	
	2022	2021
At fair value through profit or loss [1]		
– Equity securities	**543,882**	156,886
– Debt securities	**9,503,187**	5,692,128
– Gold	**640,856**	582,421
Designated as at fair value through profit or loss		
– Debt securities [2]	**36,557,863**	26,916,228
– Interest attributable to other holders of consolidated structured entities [3]	**1,081,764**	603,157
Total	**48,327,552**	33,950,820

Non-current

	As at 31 December	
	2022	2021
Designated as at fair value through profit or loss		
– Debt securities [2]	**26,146,871**	13,146,702
– Interest attributable to other holders of consolidated structured entities [3]	**574,444**	392,010
Total	**26,721,315**	13,538,712

(1) As at 31 December 2022 and 2021, included in the Group's financial liabilities through profit or loss were equity securities, bonds and gold borrowed by the Group.

(2) As at 31 December 2022 and 2021, included in the Group's financial liabilities designated as at fair value through profit or loss were structured notes generally in the form of notes or certificates with the underlying investments related to listed equity investments, listed debt investments and unlisted fund investments.

(3) As at 31 December 2022 and 2021, the financial liabilities arising from the consolidation of structured entities were designated as at fair value through profit or loss by the Group, as the Group has the obligation to pay other investors or limited partners upon the maturity dates of the structured entities based on the net asset value and related terms of those consolidated structured entities.

53. BONDS PAYABLE

Current

	As at 31 December	
	2022	2021
Corporate bonds [1]	**29,720,606**	27,487,916
Subordinated bonds [1]	**4,003,977**	120,848
Structured notes	**–**	3,337,489
Medium-term notes	**–**	1,300,289
Total	**33,724,583**	32,246,542

Non-current

	As at 31 December	
	2022	2021
Corporate bonds [1]	**74,505,891**	78,146,335
Subordinated bonds [1]	**11,272,977**	8,981,532
Medium-term notes	**8,380,143**	7,392,689
Total	**94,159,011**	94,520,556

53. BONDS PAYABLE *(Continued)*

(1) The details of the outstanding corporate bonds and subordinated bonds payable are as follows:

As at 31 December 2022

Name	Par value	Issue date	Maturity date	Coupon rate
Current				
Corporate bonds				
18 GUOJUN G4	**300,000**	**2018.07**	**2023.07**	**4.64%**
20 GUOJUN G1	**4,000,000**	**2020.01**	**2023.01**	**3.37%**
20 GUOJUN G2	**4,000,000**	**2020.03**	**2023.03**	**3.05%**
20 GUOJUN G4	**5,000,000**	**2020.07**	**2023.07**	**3.55%**
20 GUOJUN G5	**4,000,000**	**2020.09**	**2023.09**	**3.75%**
20 GUOJUN G7	**2,000,000**	**2020.11**	**2023.11**	**3.90%**
20 GUOJUN G9	**2,900,000**	**2020.12**	**2023.12**	**3.77%**
GUOJUN Convertible bonds (i)	**7,000,000**	**2017.07**	**2023.07**	**2.00%**
Subordinated bond				
21 GUOJUN C2	**4,000,000**	**2021.12**	**2023.12**	**3.09%**
Non-current				
Corporate bonds				
21 GUOJUN G1	**4,000,000**	**2021.04**	**2024.04**	**3.46%**
21 GUOJUN G2	**2,000,000**	**2021.04**	**2026.04**	**3.75%**
21 GUOJUN G3	**3,000,000**	**2021.05**	**2024.05**	**3.31%**
21 GUOJUN G4	**5,000,000**	**2021.05**	**2026.05**	**3.67%**
21 GUOJUN G5	**2,900,000**	**2021.06**	**2024.06**	**3.40%**
21 GUOJUN G7	**1,900,000**	**2021.07**	**2024.07**	**3.13%**
21 GUOJUN G8	**6,100,000**	**2021.07**	**2026.07**	**3.48%**
21 GUOJUN G9	**2,800,000**	**2021.08**	**2024.08**	**3.01%**
21 GUOJUN 10	**4,200,000**	**2021.08**	**2026.08**	**3.35%**
21 GUOJUN 11	**3,000,000**	**2021.08**	**2031.08**	**3.77%**
21 GUOJUN 12	**4,400,000**	**2021.09**	**2024.10**	**3.09%**
21 GUOJUN 13	**3,400,000**	**2021.09**	**2031.09**	**3.80%**
21 GUOJUN 14	**3,300,000**	**2021.10**	**2024.11**	**3.29%**
21 GUOJUN 15	**3,400,000**	**2021.10**	**2031.10**	**3.99%**
22 GUOJUN G1	**2,000,000**	**2022.03**	**2025.03**	**3.04%**
22 GUOJUN G2	**1,400,000**	**2022.03**	**2032.03**	**3.74%**
22 GUOJUN G3	**2,800,000**	**2022.04**	**2025.04**	**2.96%**
22 GUOJUN G4	**2,500,000**	**2022.04**	**2032.04**	**3.70%**
22 GUOJUN G5	**3,100,000**	**2022.05**	**2025.05**	**2.78%**
22 GUOJUN G6	**2,400,000**	**2022.05**	**2032.05**	**3.58%**
22 GUOJUN G7	**2,500,000**	**2022.07**	**2025.07**	**2.92%**
22 GUOJUN G8	**2,500,000**	**2022.07**	**2027.07**	**3.27%**
22 GUOJUN G9	**2,000,000**	**2022.09**	**2025.09**	**2.52%**
22 GUOJUN 10	**3,000,000**	**2022.09**	**2027.09**	**2.90%**
Subordinated bond				
21 GUOJUN C1	**3,000,000**	**2021.01**	**2024.01**	**3.89%**
21 GUOJUN C3	**2,000,000**	**2021.12**	**2024.12**	**3.20%**
22 GUOJUN C1	**2,500,000**	**2022.01**	**2024.01**	**3.00%**
22 GUOJUN C2	**3,500,000**	**2022.01**	**2025.01**	**3.17%**

53. BONDS PAYABLE *(continued)*

(1) The details of the outstanding corporate bonds and subordinated bonds payable are as follows: *(continued)*

As at 31 December 2021

Name	Par value	Issue date	Maturity date	Coupon rate
Current				
Corporate bonds				
17 GUOJUN G2	600,000	2017.08	2022.08	4.70%
19 GUOJUN G1	3,000,000	2019.04	2022.04	3.90%
19 GUOJUN G3	2,900,000	2019.05	2022.05	3.73%
19 GUOJUN G4	2,500,000	2019.10	2022.10	3.48%
20 GUOJUN G6	3,900,000	2020.11	2022.11	3.80%
GTJA HOLD B2203 (ii)	3,437,271	2019.03	2022.03	3.875%
GTJA SEC B2203 (iii)	1,993,335	2019.03	2022.03	0.562%
19 GTJA Financial Bond 01	8,000,000	2019.08	2022.08	3.48%
Non-current				
Corporate bonds				
18 GUOJUN G4	300,000	2018.07	2023.07	4.64%
20 GUOJUN G1	4,000,000	2020.01	2023.01	3.37%
20 GUOJUN G2	4,000,000	2020.03	2023.03	3.05%
20 GUOJUN G4	5,000,000	2020.07	2023.07	3.55%
20 GUOJUN G5	4,000,000	2020.09	2023.09	3.75%
20 GUOJUN G7	2,000,000	2020.11	2023.11	3.90%
20 GUOJUN G9	2,900,000	2020.12	2023.12	3.77%
21 GUOJUN G1	4,000,000	2021.04	2024.04	3.46%
21 GUOJUN G2	2,000,000	2021.04	2026.04	3.75%
21 GUOJUN G3	3,000,000	2021.05	2024.05	3.31%
21 GUOJUN G4	5,000,000	2021.05	2026.05	3.67%
21 GUOJUN G5	2,900,000	2021.06	2024.06	3.40%
21 GUOJUN G7	1,900,000	2021.07	2024.07	3.13%
21 GUOJUN G8	6,100,000	2021.07	2026.07	3.48%
21 GUOJUN G9	2,800,000	2021.08	2024.08	3.01%
21 GUOJUN 10	4,200,000	2021.08	2026.08	3.35%
21 GUOJUN 11	3,000,000	2021.08	2031.08	3.77%
21 GUOJUN 12	4,400,000	2021.09	2024.10	3.09%
21 GUOJUN 13	3,400,000	2021.09	2031.09	3.80%
21 GUOJUN 14	3,300,000	2021.10	2024.11	3.29%
21 GUOJUN 15	3,400,000	2021.10	2031.10	3.99%
GUOJUN Convertible bonds (i)	7,000,000	2017.07	2023.07	1.80%
Subordinated bond				
21 GUOJUN C1	3,000,000	2021.01	2024.01	3.89%
21 GUOJUN C2	4,000,000	2021.12	2023.12	3.09%
21 GUOJUN C3	2,000,000	2021.12	2024.12	3.20%

53. BONDS PAYABLE *(continued)*

(1) The details of the outstanding corporate bonds and subordinated bonds payable are as follows: *(continued)*

(i) In July 2017, as approved by the CSRC, the Company issued 6-year A-share convertible bonds with par value of RMB7 billion. The convertible bond bears a fixed annual interest rate of 0.20% for the first year, 0.50% for the second year, 1.00% for the third year, 1.50% for the fourth year, 1.80% for the fifth year and 2.00% for the sixth year. The initial conversion price is RMB20.20 per share. The convertible bonds holders may exercise their rights to convert the convertible bonds into the Company's A shares at the stipulated conversion price during the period ("Conversion Period") beginning six months after the date of issuance until the maturity date. Within 5 trading days after maturity, the Company shall redeem the outstanding convertible bonds at 105% of the par value, inclusive of interest for the sixth year.

During the Conversion Period, if the closing price of the Company's A Shares is not less than or equal to 130% of the prevailing conversion price for at least 15 trading days out of any 30 consecutive trading days, or if the total outstanding amount is less than RMB30 million, the Company has the right to redeem all or part of the outstanding convertible bonds at par value plus accrued interest.

The convertible corporate bonds issued have been split into the liability and equity components. After considering direct transaction costs, the Company recognized the equity part of the convertible corporate bonds as other equity instruments amounting to RMB1,129,841 thousand.

As at 31 December 2022, convertible corporate bonds with a principal amount of RMB9,839 thousand were converted into 516,836 ordinary A shares.

(ii) In March 2019, Guotai Junan Holdings Limited (BVI) issued 3-year corporate bonds with a par value of USD500 million. The bonds are listed on the Hong Kong Stock Exchange with the bond code of 5853 and bear a fixed annual interest rate of 3.875% payable on a semi-annual basis.

(iii) In March 2019, the Company issued 3-year corporate bonds with a par value of EUR255 million. The bonds are listed on the Hong Kong Stock Exchange with the bond code of 5883 and bear a floating annual interest rate with an initial coupon rate of 0.832% payable on a quarterly basis.

54. CONTRACT LIABILITIES

Current

	As at 31 December 2022	As at 31 December 2021
Advance consideration received from customers	**96,601**	–

Contract liabilities represent the advance payment of the sponsorship business, the asset management business and the commodity trading. The Group received theses advance payments when the contracts are signed, and will recognize the expected revenue in future when or as the work is completed or, in the case of commodity trading, when the customer takes possession of and accepts the commodity.

55. OTHER CURRENT LIABILITIES

	As at 31 December	
	2022	2021
Accounts payable arising from derivative transactions	**53,680,483**	28,297,282
Accounts payable to brokers	**3,960,123**	2,784,978
Settlement payables to clearing house and customers	**1,702,333**	5,898,881
Accounts payable arising from warehouse receipt pledge	**1,300,173**	2,068,864
Bank's acceptance bill payable	**523,000**	838,000
Accounts payable arising from equity incentives	**393,371**	626,232
Other tax payable	**392,525**	545,860
Advance received from issuance of financial products	**374,101**	240,485
Commission payable to other distributors	**332,778**	122,090
Dividends payable	**229,774**	224,570
Dividend received on behalf of customers	**221,338**	123,207
Underwriting fee payable in relation to IPO	**90,173**	118,169
Payables for the securities investor protection fund	**52,269**	73,165
Interest payable	**52,192**	75,382
Proceeds from underwriting securities received on behalf of customers	**34,992**	471,147
Gold borrowing expenses payable	**19,899**	29,528
Others	**1,426,595**	1,377,905
Total	**64,786,119**	43,915,745

The Group has no significant long-aging accounts payable.

56. OTHER NON-CURRENT LIABILITIES

	As at 31 December	
	2022	2021
Risk reserve for the futures brokerage business	**170,006**	155,306
Provisions	**337,388**	225,676
Total	**507,394**	380,982

57. SHARE CAPITAL

All shares issued by the Company are fully paid ordinary shares. The par value per share is RMB1 yuan. The number of shares issued by the Company and their nominal value are as follows:

	As at 31 December	
	2022	2021
At the beginning of the year	**8,908,450**	8,908,448
The conversion of convertible bonds into ordinary shares	**1**	2
Deregistration of treasury shares	**(1,778)**	–
At the end of the year	**8,906,673**	8,908,450

58. OTHER EQUITY INSTRUMENTS

	As at 31 December	
	2022	2021
Perpetual subordinated bonds [(1)]	**14,918,679**	9,943,396
Equity component of convertible bonds [(2)]	**1,128,257**	1,128,260
Total	**16,046,936**	11,071,656

(1) As approved by the CSRC, the Company issued three batches of perpetual subordinated bonds ("19 Guojun Y1", "20 Guojun Y1" and "22 Guojun Y1") amounting to RMB5 billion, RMB5 billion and RMB5 billion with an initial interest rate of 4.20%, 3.85% and 3.59% in September 2019, March 2020 and July 2022, respectively. The perpetual subordinated bonds have no fixed maturity dates and the Company has an option to redeem "19 Guojun Y1" and "20 Guojun Y1" at principal amounts plus any accrued interest on the fifth interest payment date or any interest payment date afterwards. The Company has an option to extend one cycle at the end of each repricing cycle, or redeem "22 Guojun Y1" in full.

The interest rate for perpetual subordinated bonds is fixed in the first 5 years and will be repriced every 5 years. The repriced interest rate is determined as the sum of the current base rate and the initial spread plus 300bp. The current base rate is defined as the average yield of 5 years treasury from the interbank fixed rate bond yield curve published on China Bond webpage 5 working days before the adjustment.

The issuer has the option to defer interest payment, except in the event of mandatory interest payments, so that at each interest payment date, the issuer may choose to defer the interest payment to the next payment date for the current period as well as all interest and accreted interest already deferred, without being subject to any limitation with respect to the number of deferrals. Of which, mandatory interest payment events are limited to dividend distributions to ordinary equity holders and reductions of registered capital.

The perpetual subordinated bonds issued by the Company are classified as equity instruments and presented under equity in the Group's statement of financial position.

During the year ended 31 December 2022 and 2021, the Company recognized dividends payable to holders of the perpetual subordinated bonds amounting to RMB403 million and RMB403 million (Note 21), respectively.

(2) Refer to Note 53 for the issuance of convertible bonds.

59. RESERVES AND RETAINED PROFITS

(1) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of face value and the difference between the considerations of the acquisition of equity interests from non-controlling shareholders and the carrying amount of the proportionate net assets.

(2) Investment revaluation reserve

Investment revaluation reserve mainly represents the fair value changes of debt instruments at fair value through other comprehensive income and equity instruments at fair value through other comprehensive income.

(3) Translation reserve

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 the income and expenses are translated at the average exchange rates or at the approximate exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in the translation reserve.

(4) Surplus reserve

The surplus reserve includes the statutory surplus reserve and discretionary surplus reserve.

Pursuant to the "Company Law of the People's Republic of China", the articles of association of the Company and the decision of the Board, the Company is required to set aside 10% of its net profit (after offsetting the accumulated losses incurred in previous years) to the statutory surplus reserve until the balance reaches 50% of the respective registered capital. Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses, and may also be converted into capital of the Company, provided that the balance of the statutory surplus reserve after such capitalization is not less than 25% of the registered capital immediately before capitalization.

59. RESERVES AND RETAINED PROFITS *(continued)*

(5) General reserve

The general reserve includes the general risk reserve and the transaction risk reserve.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007, the Company appropriates 10% of its annual net profit to the general risk reserve.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007 and in compliance with the Securities Law, for the purpose of covering securities trading losses, the Company appropriates 10% of its annual net profit to the transaction risk reserve.

In accordance with the requirements of Provisional Measures on Supervision and Administration of Risk Provision of Public Offering of Securities Investment Funds (Order of the CSRC No. 94) issued on 24 September 2013, the Group appropriates 10% of fund management fee to the general risk reserve.

(6) Retained profits

The movements in retained profits are set out below:

	Year ended 31 December	
	2022	2021
At the beginning of the year	**54,132,214**	46,504,462
Profit for the year	**11,507,150**	15,013,480
Appropriation to general reserve	**(2,058,911)**	(2,617,572)
Dividends	**(6,056,537)**	(4,983,132)
Distribution to other equity instrument holders	**(402,500)**	(402,500)
Lost control of a subsidiary	**–**	432,122
Others	**(453,786)**	185,354
At the end of the year	**56,667,630**	54,132,214

60. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents

	As at 31 December	
	2022	2021
Cash on hand	**468**	411
Bank balances	**30,747,456**	31,655,816
Clearing settlement funds	**7,414,914**	6,726,022
Financial assets held under resale agreements with original maturity of less than three months	**43,656,117**	32,227,933
Financial assets at fair value through profit or loss with original maturity of less than three months	**1,025,357**	–
Less: bank deposits with original maturity of more than three months, risk reserve deposits, restricted bank balances and clearing settlement funds	**(2,303,963)**	(1,965,698)
Total	**80,540,349**	68,644,484

(b) Changes in liabilities arising from financing activities

	Loans and borrowings	**Short-term debt instruments**	**Bonds payable**	**Lease liabilities**
At 1 January 2021	9,769,331	48,724,368	91,692,414	1,953,629
Changes from financing cash flows	(5,428,543)	(723,182)	37,238,304	(522,392)
Interest expenses	123,813	1,228,529	3,774,985	78,149
Interest paid	(123,812)	(1,107,850)	(3,083,540)	(78,149)
New leases	–	–	–	807,691
Lost control of a subsidiary	–	(2,100,563)	(2,649,713)	(153,016)
Other non-cash changes	–	–	(205,352)	(145,804)
At 31 December 2021	4,340,789	46,021,302	126,767,098	1,940,108
Changes from financing cash flows	6,065,908	(32,076,032)	(446,505)	(564,860)
Interest expenses	166,783	718,959	4,679,796	69,217
Interest paid	(166,782)	(1,014,750)	(4,373,812)	(69,217)
New leases	–	–	–	460,221
Business combination	–	–	–	44,997
Other non-cash changes	–	–	1,257,017	4,709
At 31 December 2022	**10,406,698**	**13,649,479**	**127,883,594**	**1,885,175**

60. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	Year ended 31 December	
	2022	2021
Within operating activities	**31,611**	36,478
Within financing activities	**634,077**	600,541

(d) Net cash outflow arising from the acquisition of a subsidiary

	As at 4 November 2022
Total consideration paid in cash	**1,062,700**
Less: cash and cash equivalents of subsidiary acquired	**(99,094)**
Total	**963,606**

61. TRANSFERRED FINANCIAL ASSETS

In the normal course of business, the Group enters into certain transactions in which it transfers recognized financial assets to third parties or customers. If these transfers qualify for derecognition, the Group derecognizes all or part of the financial assets where appropriate. If the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognize these assets.

(1) Repurchase agreements

Transferred financial assets that do not qualify for derecognition include debt securities held by counterparties as collateral under repurchase agreements. The Group transfers the contractual rights to receive the cash flows of these securities, but has an obligation to repurchase them at the agreed date and price. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized them. In addition, they are recognized as financial assets sold under repurchase agreements.

Transferred financial assets that do not qualify for derecognition also include margin accounts receivable-backed repurchase whose beneficial rights are transferred to counterparties and repurchased by the Group at the maturity date. The Group has determined that it retains substantially all the risks and rewards of these financial assets and therefore has not derecognized them. In addition, they are recognized as financial assets sold under repurchase agreements.

61. TRANSFERRED FINANCIAL ASSETS *(continued)*

(2) Securities lending

Transferred financial assets that do not qualify for derecognition include securities lent to customers for the securities lending business, for which the customers provide the Group with collateral that could fully cover the credit risk exposure of the securities lent. The customers have an obligation to return the securities according to the contracts. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized the securities lent.

(3) Margin financing borrowing

Transferred financial assets that do not qualify for derecognition include securities transferred to CSFC. When CSFC exercises the rights attached to the securities, it shall follow the instructions of the Group. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized the securities transferred.

The following tables provide a summary of the carrying amounts related to transferred financial assets that are not derecognized in their entirety and the associated liabilities:

31 December 2022	**Repurchase agreements**	**Securities lending**	**Margin financing borrowing**
Carrying amount of transferred assets	**5,841,913**	**3,550,974**	**2,595,945**
Carrying amount of related liabilities	**5,474,333**	**N/A**	**N/A**

31 December 2021	Repurchase agreements	Securities lending	Margin financing borrowing
Carrying amount of transferred assets	2,271,856	3,943,409	1,937,621
Carrying amount of related liabilities	4,749,974	N/A	N/A

62. CONTINGENCIES

As at 31 December 2022, the contingent liabilities due to pending litigations amounted to RMB337,227 thousand.

63. EQUITY-SETTLED SHARE-BASED PAYMENTS

(a) Share-based payments of the Company

The Company carried out a restricted share incentive scheme of A shares whereby the Company grant restricted A shares to the incentive participants in return for their services. Details of the scheme as at 31 December 2022 are set out below:

	Year ended 31 December	
	2022	2021
Granted during the year	**–**	9,999,990
Exercised/Unlocked during the year	**24,900,183**	–
Forfeited during the year	**2,156,747**	1,778,000

As at 21 December 2022, the unlocking conditions for the first locking period of the first grant under the Company's 2020 restricted share incentive scheme of A shares had been fulfilled, and the total number of restricted shares that can be unlocked was 24,900,183 shares. The restriction on sale of these shares has been removed on 21 December 2022.

As at 31 December 2022, the cumulative amount of equity-settled share-based payments recognized in the Company's capital reserve was RMB663,643 thousand. The total amount of expenses recognized for equity-settled share-based payments in the current year was RMB275,858 thousand.

The fair value of services received in return for restricted share incentive scheme is measured by reference to the fair value of shares. The estimate of the fair value of restricted shares granted is measured based on the closing price of shares at grant date.

(b) Share-based payments of a subsidiary

GJIHL, a subsidiary of the Company, operated a share option scheme for the purpose of motivating and rewarding staff who contributed to GJIHL's operations. During the year ended 31 December 2022, the total amount of expenses recognized for equity-settled share-based payments was of RMB358 thousand was recognized in profit or loss (Year ended 31 December 2021: RMB6,456 thousand).

64. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Relationship of related parties

(1) Major shareholders

Share percentage in the Company:

	As at 31 December	
	2022	2021
Shanghai State-owned Assets Operation Co., Ltd. ("Shanghai SA")	**23.05%**	23.05%
Shanghai International Group Co., Ltd. ("SIG")	**9.05%**	9.05%

(2) Subsidiaries of the Company

The detailed information of the Company's subsidiaries is set out in Note 28.

(3) Associates and joint ventures of the Group

The detailed information of the Group's associates and joint ventures is set out in Note 30.

64. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(a) Relationship of related parties *(continued)*

(4) Other related parties of the Group

Name of the related parties	Relationship of the related parties
Shanghai Rural Commercial Bank	The senior management of SIG acts as a director of the entity
Shanghai Pudong Development Bank Co., Ltd.	The director of the Company acts as a director of the entity
Great Wall Securities Co., Ltd.	The supervisor of the Company acts as the vice chairman of the entity
Shanghai International Group Asset Management Co., Ltd.	SIG controls the entity
Shanghai Pudong Development Bank Financial Leasing Co., Ltd.	The senior management of Shanghai SA acts as a director of the entity
Guoxin Investment Development Co., Ltd.	Shanghai SA controls the entity
Shanghai Sitico Assets Management Co., Ltd.	SIG controls the entity
Shanghai Chengtou Group Co., Ltd.	The director of the Company acts as the senior management of the entity
China Three Gorges Co., Ltd.	The director of the Company acts as the external director of the entity
New China Capital Management Co., Ltd.	The director of the Company acts as the director and CEO of the entity
Shanghai Guosheng Capital Management Co., Ltd.	The director of the Company acts as a director of the entity
China Foreign Economy and Trade Trust Co., Ltd.	The trustee of a trust in favor of Shanghai SA
China Jinmao Holdings Group Limited	The director of the Company acts as a director of the entity
Guotai Junan Financial Holding Investment (Shanghai) Co., Ltd.	Subsidiary of a company in which Shanghai SA holds more than 30% of the shares
Guotai Junan Shenyi (Shenzhen) Fund Management Co., Ltd.	Subsidiary of a company in which Shanghai SA holds more than 30% of the shares
China Securities Credit Investment Co., Ltd.	The senior management of the Company acts as a director of the entity
Shanghai Guoxin Venture Investment Co., Ltd.	Shanghai SA controls the entity
Shanghai Zhenghai Guoxin Investment Center (L.P.)	Shanghai SA controls the entity
Anhui Huamao Industry Investment Co., Ltd.	The supervisor of the Company acted as a director of the entity
Shanghai Dasheng Asset Operation Co., Ltd.	Shanghai SA controls the entity
Beijing Futaihua Investment Management Co., Ltd.	Subsidiary of a company in which Shanghai SA holds more than 30% of the shares
Shenzhen Investment Holdings Co., Ltd.	Entity that holds more than 5% equity interest of the Company
Shanghai AJ Trust Investment Co., Ltd.	The trustee of a trust in favor of Shanghai SA
Guotai Junan Investment Management Co., Ltd.	Shanghai SA holds more than 30% of the shares of the entity

Other related parties can be individuals or enterprises, which include members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals.

64. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(b) Transactions between the Group and other related parties

(1) Fee and commission income from related parties

	Year ended 31 December	
Related parties	**2022**	2021
Associates and joint ventures of the Group	**205,490**	164,625
Other major related parties	**21,138**	69,274
Major shareholders and their subsidiaries	**5,772**	5,197

(2) Fee and commission expense to related parties

	Year ended 31 December	
Related parties	**2022**	2021
Other major related parties	**1**	4,082

(3) Interest received from related parties

	Year ended 31 December	
Related parties	**2022**	2021
Other major related parties	**113,404**	225,400
Associates and joint ventures of the Group	**31**	83

(4) Interest paid to related parties

	Year ended 31 December	
Related parties	**2022**	2021
Other major related parties	**58,417**	47,065
Associates and joint ventures of the Group	**17,410**	1,094
Major shareholders and their subsidiaries	**135**	269

64. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(b) Transactions between the Group and other related parties *(continued)*

(5) Operating expenses and costs paid to related party

	Year ended 31 December	
Related party	**2022**	2021
Other major related parties	**3,023**	10,548
Associates and joint ventures of the Group	**10**	–

(6) Lease fees paid as lessee

	Year ended 31 December	
Related party	**2022**	2021
Associates and joint ventures of the Group	**5,021**	–

(7) Related party transactions with SIG and/or its associates and HuaAn Funds and/or its subsidiaries constitute continuing connected transactions as defined by the Hong Kong Listing Rules. In 2022, the annual caps and the actual amounts of securities and financial products transactions and financial services related continuing connected transactions with SIG and/or its associates and HuaAn Funds and/or its subsidiaries are as follows:

SIG	Year ended 31 December			
	2022		2021	
	Caps (RMB in million)	**Actual amount (RMB in million)**	Caps (RMB in million)	Actual amount (RMB in million)
Securities and financial products				
Inflow	**6,787.10**	**621.10**	6,170.00	1,043.80
Outflow	**6,752.80**	**1,388.20**	6,138.90	643.44
Financial services				
Revenue generated	**151.90**	**5.86**	144.67	6.46
Fees paid	**65.10**	**0.19**	62.00	0.28

64. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(b) Transactions between the Group and other related parties *(continued)*

HuaAn Funds	Period from 4 November 2022 to 31 December 2022	
	Caps (RMB in million)	Actual amount (RMB in million)
Securities and financial products		
Inflow	1,461.00	801.10
Outflow	3,265.00	123.40
Financial services		
Revenue generated	114.10	40.45
Fees paid	9.15	2.02

(8) Related party transaction with SIG or its associates

In November 2022, the Company has completed the acquisition of 8% equity interests in HuaAn Funds from Shanghai Industrial Investment (Holdings) Co., Ltd. with a transfer consideration of RMB1.012 billion, and recognized profit or loss during the transition period of RMB51 million. As associates of SIG, GTJA Investment and Shanghai SITICO holds 20% and 5% equity interests in HuaAn Funds, respectively, therefore, the acquisition constitutes a connected transaction of the Company pursuant to 14A.28 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(9) Equity acquired from related parties

In March 2022, the Company has completed the acquisition of 15% equity interests in HuaAn Funds from Shanghai Sitico Assets management Co., Ltd. with a consideration of RMB1.812 billion.

64. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(c) Balances of related party transactions between the Group and its related parties

(1) Deposits with related parties

	As at 31 December	
Related parties	**2022**	2021
Other major related parties	**8,360,033**	6,238,215

(2) Accounts receivable

	As at 31 December	
Related parties	**2022**	2021
Major shareholders and their subsidiaries	**–**	130
Other major related parties	**8,644**	4,854
Associates and joint ventures of the Group	**165**	110,147

(3) Financial assets held under resale agreements

	As at 31 December	
Related parties	**2022**	2021
Other major related parties	**120,030**	–

(4) Accounts payable

	As at 31 December	
Related parties	**2022**	2021
Other major related parties	**16,723**	14,898
Associates and joint ventures of the Group	**–**	30

64. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(c) Balances of related party transactions between the Group and its related parties *(continued)*

(5) Financial assets sold under repurchase agreements

	As at 31 December	
Related party	**2022**	2021
Other major related parties	**–**	300,483

(6) the bonds issued by the Company held by related parties

	As at 31 December	
Related parties	**2022**	2021
Other major related parties	**2,110,226**	2,638,500

(7) Bonds held by the Group

	As at 31 December	
Related parties	**2022**	2021
Major shareholders and their subsidiaries	**155,552**	–
Other major related parties	**4,584,964**	2,340,136
Associates and joint ventures of the Group	**221,681**	–

(8) Loans and borrowings with related parties

	As at 31 December	
Related parties	**2022**	2021
Other major related parties	**703,320**	–

64. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(c) Balances of related party transactions between the Group and its related parties *(continued)*

(9) Guarantees for related parties

Name of related parties	As at 31 December 2022 (RMB'000)	Starting date	Expiry date
Guotai Junan Holdings Limited	**3,767,849**	2021.04	2026.04
Guotai Junan Holdings Limited	**2,179,920**	2021.11	2024.11

(d) Remuneration of senior management personnel

Remuneration of senior management personnel of the Group is as follows:

	Year ended 31 December	
	2022	2021
Salaries, allowances and benefits	**8,546**	6,985
Pension scheme contributions and other social welfare	**2,253**	1,532
Discretionary bonuses	**17,529**	11,107
Restricted share incentive scheme (non-cash)	**14,273**	15,038

Further details of directors' and supervisors' emoluments are included in Note 19.

65. SEGMENT REPORTING

The Group is organized into business units based on their products and services and has six reportable operating segments as follows:

1) The wealth management segment, which mainly provides securities and futures brokerage, financial products, investment advisory, stock pledging, margin financing and securities lending, agreed securities repurchase and other services to clients.

2) The investment banking segment, which primarily includes sponsorship, equity underwriting, debt underwriting, structured debt financing, M&A financial advisory services and diversified corporate solutions to corporate and government clients.

3) The institutional and trading segment, mainly consists of research, institutional brokerage, trading and investment and equity investment. Among which, institutional brokerage mainly provides prime brokers, seat leasing, custody and outsourcing, QFII and other services to institutional clients; Our trading and investment business mainly includes investment transactions in stocks, fixed income, foreign exchange, large commodities and their derivative financial instruments, as well as providing integrated financial solutions for clients' investment, financing and risk management.

4) The investment management segment, which primarily includes asset management and fund management services to institutions and individuals.

5) The international segment conducts brokerage, corporate finance, asset management, loans and financing services, as well as financial products, market making and investment businesses mainly through GJIHL in Hong Kong, and has expanded its business presence into the United States, Europe, Southeast Asia and other regions.

6) The other segment includes government grants and other general operating expenses.

65. SEGMENT REPORTING *(continued)*

(a) Operating segments

	Year ended 31 December 2022						
	Wealth management	Investment banking	Institutional and trading	Investment management	International business	Other	Total
Segment total revenue and other income							
Fee and commission income	8,464,497	4,215,706	2,731,146	1,644,386	676,064	–	17,731,799
Interest income	9,908,283	–	4,866,426	33,366	778,515	84	15,586,674
Net investment gains	–	–	4,449,435	(44,846)	1,133,938	–	5,538,527
Other income and gains	–	–	8,009,375	85,697	(151,883)	808,364	8,751,553
Gain on business combination	–	–	1,478,368	–	–	–	1,478,368
Total revenue and other income	18,372,780	4,215,706	21,534,750	1,718,603	2,436,634	808,448	49,086,921
Segment expenses	(12,838,983)	(2,560,294)	(15,047,730)	(1,110,771)	(2,277,407)	(1,864,345)	(35,699,530)
Including: Interest expenses	(4,361,329)	–	(5,581,613)	(8,540)	(814,623)	(55,994)	(10,822,099)
Credit loss expense	229,005	–	378,405	–	(142,835)	–	464,575
Provision for impairment losses	–	–	(20,394)	(3,867)	–	–	(24,261)
Segment operating profit	5,533,797	1,655,412	6,487,020	607,832	159,227	(1,055,897)	13,387,391
Share of profits of associates and joint ventures	–	–	74,603	677,977	–	–	752,580
Segment profit before income tax	5,533,797	1,655,412	6,561,623	1,285,809	159,227	(1,055,897)	14,139,971
Income tax expense							(2,518,802)
Segment profit for the year							11,621,169
As at 31 December 2022							
Segment total assets	267,238,543	5,613,434	447,447,127	26,586,124	109,844,123	3,959,196	860,688,547
Segment total liabilities	229,079,042	2,934,162	369,345,815	4,125,835	89,868,872	1,508,732	696,862,458
Year ended 31 December 2022							
Other segment information:							
Depreciation and amortization expenses	439,038	9,222	735,096	43,678	71,659	6,505	1,305,198
Capital expenditure	600,201	12,607	1,004,938	59,711	97,964	8,892	1,784,313

65. SEGMENT REPORTING *(continued)*

(a) Operating segments *(continued)*

	Year ended 31 December 2021						
	Wealth management	Investment banking	Institutional and trading	Investment management	International business	Other	Total
Segment total revenue and other income							
Fee and commission income	10,699,438	3,736,176	2,485,961	1,705,180	1,253,887	–	19,880,642
Interest income	11,711,196	–	3,276,772	47,709	717,136	150	15,752,963
Net investment gains	–	–	8,583,630	12,925	1,703,649	–	10,300,204
Other income and gains	–	–	8,632,532	67,245	(12,983)	651,815	9,338,609
Gain on losing control of a subsidiary	–	–	1,138,769	–	–	–	1,138,769
Total revenue and other income	22,410,634	3,736,176	24,117,664	1,833,059	3,661,689	651,965	56,411,187
Segment expenses	(15,521,353)	(2,374,418)	(14,646,970)	(992,283)	(2,351,763)	(1,950,842)	(37,837,629)
Including: Interest expenses	(5,380,467)	–	(4,039,501)	(8,849)	(676,826)	(56,767)	(10,162,410)
Credit loss expense	49,842	–	(207,708)	–	(183,157)	–	(341,023)
Provision for impairment losses	–	–	(721)	–	–	–	(721)
Segment operating profit	6,889,281	1,361,758	9,470,694	840,776	1,309,926	(1,298,877)	18,573,558
Share of profits of associates and joint ventures	–	–	179,987	358,736	–	–	538,723
Segment profit before income tax	6,889,281	1,361,758	9,650,681	1,199,512	1,309,926	(1,298,877)	19,112,281
Income tax expense							(3,809,739)
Segment profit for the year							15,302,542
As at 31 December 2021							
Segment total assets	310,688,258	4,111,935	352,454,893	16,694,846	104,159,858	3,163,025	791,272,815
Segment total liabilities	258,296,248	2,384,463	288,708,306	2,074,517	88,715,037	457,652	640,636,223
Year ended 31 December 2021							
Other segment information:							
Depreciation and amortization expenses	541,861	7,171	614,705	29,117	68,851	5,517	1,267,222
Capital expenditure	365,099	4,832	414,181	19,619	46,391	3,717	853,839

65. SEGMENT REPORTING *(continued)*

(b) Geographical segments

Total revenue	Year ended 31 December	
	2022	2021
Mainland, China	**36,268,483**	42,259,137
Hong Kong, China and overseas	**2,588,517**	3,674,672
Total	**38,857,000**	45,933,809

The Group's non-current assets are mainly located in Mainland China (country of domicile).

(c) Information about a major customer

The Group has no single customer which contributed to 10 percent or more of the Group's revenue for the years ended 31 December 2022 and 2021.

66. FINANCIAL RISK MANAGEMENT

(1) Policies for and structure of risk management

Policies for risk management

The Group faces various financial risks in the normal course of business, mainly including credit risk, liquidity risk and market risk. The Group has established policies and procedures to identify and evaluate these risks, and continually monitors these risks by setting appropriate risk limits and internal control systems and through reliable management and information systems. The Group's risk management policies include two aspects: the objective of risk management and the principles of risk management.

66. FINANCIAL RISK MANAGEMENT *(continued)*

(1) Policies for and structure of risk management *(continued)*

Policies for risk management *(continued)*

Objective for risk management

The overall objective of the Group's risk management is to establish a management mechanism that enables scientific decision-making, standardized operation, efficient management and sustainable development that can maintain the Group's financial stability and improve its market position and performance. Specifically, it includes:

- ensuring strict compliance with relevant laws, regulations and the Group's policies;
- establishing and improving corporate governance that meets current requirements, and building scientific and proper processes of decision-making, execution, supervision and feedback;
- establishing a set of robust and effective risk management policies to identify errors and fraud, close loopholes, and ensure a healthy conduct of business activities;
- setting up a proper and effective risk measurement and analysis system, which can effectively identify, measure, analyze and evaluate various risks that may arise from the normal course of business, to ensure the safety and integrity of the Group's assets;
- improving management efficiency and effectiveness, striving to keep assets secured and risks well managed based on effective control of risk.

Principles for risk management

The principles for risk management include: appropriateness, coverage, independence, effectiveness, forward looking.

Structure of risk management

The Group's risk management structure includes corporate governance structure and risk management organizational structure.

66. FINANCIAL RISK MANAGEMENT *(continued)*

(1) Policies for and structure of risk management *(continued)*

Policies for risk management *(continued)*

Corporate governance structure

According to the "Company Law", "Securities Law" and "Code of Corporate Governance for Securities Companies" and other laws and regulations, the Group has established a modern corporate governance structure that features management comprising of Shareholders' Meetings, the Board of Directors, the Board of Supervisors and the senior management. The Group manages risks by explicitly stipulating management's authorization, responsibility and business objectives, and regulating their behaviors.

Organizational structure of risk management

The Company has established a four-level risk management system consisting of the Board (including Risk Control Committee) and Supervisory Committee, operation management (including risk management committee and assets and liabilities management committee), risk management department, other business departments and branches and subsidiaries. Risk management departments include those which are specifically responsible for risk management, such as the risk management department, the internal audit risk management department, the legal compliance department, and the group audit center, as well as departments that perform other risk management duties, such as the planning and finance department, the assets and liabilities department, the IT department, the operation center and the executive office.

(2) Credit risk

The Group's cash and bank balances are mainly deposited with state-owned commercial banks or joint-stock commercial banks with adequate capital. Clearing settlement funds are mainly deposited with China Securities Depository and Clearing Corporation Limited. The credit risk on cash and cash equivalents is relatively low.

The Group primarily faces three types of credit risks: firstly, the risk of loss arising from the Group's obligation to settle on behalf of its customers in securities trading or derivative trading on the customers' accounts which become under-margined on the settlement date due to the Group's failure to require full margin deposits before the transactions or because the customers are unable to cover their transactions due to other reasons; secondly, the credit risk associated with its securities financing activities, which is the risk of losses due to defaults of its margin financing and securities lending clients, securities repurchase clients and stock-pledged financing clients; thirdly, the default risk of investments in credit products, namely the risk of asset impairment and changes in investment returns due to defaults of borrowers or issuers who refuse to repay the principal and interest when due.

66. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

In order to manage the credit risk arising from the brokerage business, securities and futures brokerage transactions in Mainland China are all settled on a full-pledged basis, which enables the Group's credit risk associated with the brokerage business to be well under control.

Credit risk arises from the margin financing and securities lending business and stock-pledged financing primarily due to fraudulent information from clients, failure of customers to repay debts in full in a timely manner, customers' breach of contracts with respect to the size and structure of trading positions, customers' violation of regulatory requirements in their trading actions, and the involvement of collateral in legal disputes, among others. The Credit Business Department of the Company and its Hong Kong subsidiary has dedicated employees who are responsible for the approval of limits of margin deposits, stock-pledged financing business, and the margin financing and securities lending business, which are updated based on the periodic assessment of customers' ability to repay. The Credit and Risk Management Department monitors the status of margin deposits and stock-pledged financing, and makes margin calls when necessary. In cases where customers fail to deposit more money as required, collateralized securities will be sold to control the risk. When determining the expected credit loss of the margin financing and securities lending business, securities repurchase and stock-pledged financing, the Group estimates the probability of default based on practical experience and historical data, sets loss given default based on industrial information and market data, and takes forward-looking factors into consideration.

In order to manage default risks associated with investments in credit products, for bond investments, the Group has established credit lines for counterparties and investment restrictions in accordance with their credit ratings. When determining the expected credit loss on bond investments, the Group estimates the probability of default based on the mapping relationship of rating, sets loss given default based on industrial information and market data, and takes forward-looking factors into consideration.

For trade receivables, the Group applies a simplified approach in calculating ECLs based on the historical credit loss experience, adjusted for related information specific to the debtors and the economic environment, etc.

For other financial assets where the simplified approach was not adopted, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs ("LTECL") that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

Both LTECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

66. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Group groups debt financial assets under the requirement of IFRS 9 into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When debt financial assets are first recognized, the Group recognizes an allowance based on 12-month ECLs. Stage 1 debt financial assets also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

- Stage 2: When debt financial assets have shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 debt financial assets also include financial assets, where the credit risk has improved and the financial assets have been reclassified from Stage 3.

- Stage 3: Debt financial assets are considered credit-impaired. The Group records an allowance for the LTECLs.

POCI: Purchased or originated credit-impaired ("POCI") assets are financial assets that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered to be a (partial) derecognition of the financial asset.

When estimating the ECLs, the Group considers different scenarios. Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted debt instruments are expected to be recovered, including the probability that the debt instruments will cure and the value of collateral or the amount that might be received for selling the asset.

For financial assets held under resale agreements and margin accounts receivable, the allowance for ECLs may significantly fluctuate due to the decline in fair value of collaterals caused by stock market volatility, which may not fully cover the receivables. The Group considers multiple factors to determine the allowance for ECLs, such as the credit situation, repayment ability of the debtor, the credit enhancement measures of the third party, the liquidity and disposal cycle of collaterals.

66. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

Criteria of significant increase in credit risk

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 considers reasonable and supportable information that is available without undue cost or effort, including qualitative and quantitative analyses based on historical data, internal and external credit risk ranking, and forward-looking information. 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, on either an individual basis or a collective basis for the underlying portfolio of financial instruments with similar credit risk characteristics, to determine the change in the risk of a default occurring over the expected life of the financial instrument.

Relevant considerations in assessing whether the credit risk on the financial instrument has increased significantly include: whether the probability of default has increased significantly at the reporting date since initial recognition, whether the borrower's operating and financial condition has significant and adverse changes, whether the maintenance margin ratio has under a force liquidation level, whether the latest rating has under investment grade. Generally, the credit risk on a financial instrument is considered to have increased significantly when the contractual payment is more than or equal to 30 days past due regardless of the way in which the Group assesses significant increases in credit risk unless the Group has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly.

66. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

Definition of credit-impaired financial asset

Credit impairment may be due to the combined effect of several events rather than a single discrete event. To determine whether a financial asset is credit-impaired, the Group considers one or more of the following both quantitative and qualitative indicators:

- The borrower is more than 90 days past due on its contractual payments;
- The collateral valuation falls short of the related loan amounts;
- The latest ratings are in default grade;
- Significant financial difficulty of the issuer or the borrower;
- The disappearance of an active market for that financial asset because of financial difficulties;
- The Group, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- Other circumstances that show financial assets are credit-impaired.

For Stock-pledged financing, based on the borrowers' credit quality, contract maturity date, the related collateral securities information, which includes the sector situation, liquidity discount factor, restrictions, concentration, volatility, maintenance margin ratio, issuers' operation condition and related information, the Group sets differentiated collateral to loan ratios (generally no less than 130%) as force liquidation thresholds against different exposures related to these transactions.

- Stock-pledged financing with maintenance margin ratio above the force liquidation thresholds, past due for no more than 30 days are classified under Stage 1;
- Stock-pledged financing with maintenance margin ratio above 100% while fall below the force liquidation thresholds, past due for more than 30 days but less than 90 days are classified under Stage 2;
- Stock-pledged financing with maintenance margin ratio fall below 100%, past due for more than 90 days are classified under Stage 3.

66. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

Key parameters for expected credit losses

Depending on whether the credit risk is significantly increased or credit-impaired, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month or lifetime expected credit losses. The key parameters for measuring expected credit losses include the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"). The Group considers the quantitative analysis of historical data (such as the credit rating of counter parties, ways of guarantee, the category of collateral, and ways of repayment, etc.) and forward-looking information, to establish a model of PD, LGD, and EAD.

Methods that is used in the calculation of expected credit losses

The Group considers PD/LGD impact on measuring expected credit losses:

- PD is an estimate of the likelihood that a borrower will be unable to meet its debt obligations over the future 12 months or the whole remaining lifetime. The Group estimates PD based on the historical default data, internal and external credit ratings and forward-looking information, etc.
- LGD is the estimated share of the exposure at default that is lost when a borrower defaults. LGD varies depending on the category of counterparties, ways and priority of recourse, and the category of collateral. LGD is the percentage of loss when default occurs;
- EAD is an estimation of the extent to which the Group may be exposed to a counterparty in the event of the counterparty's default in the future 12 months or the whole remaining lifetime;
- Forward-looking information, both the assessment of a significant increase in credit risk and calculation of expected credit losses include forward-looking information. The Group identifies the key economic factors affecting credit risk and the expected credit losses of different kinds of business based on historical data analysis. The Group forecasts economic factors periodically and applies expert judgments to determine the impact of forward-looking information on PD, etc.

For Stock-pledged financing, the Group periodically make assessments on the borrowers' credit risk based on available internal and external information, such as: historical default data, maintenance margin ratio, the liquidity, etc. Loss ratio (considers PD& LGD) applied by the Group under the 3 stages as at 31 December 2022 were as follows:

Stage 1: no less than 0.2% according to different maintenance margin ratios;

Stage 2: 0.5% to 10% according to different maintenance margin ratios;

Stage 3: Evaluate and determine the allowance for ECLs after considering the recoverable amount of each contract based on multiple factors, including qualitative and quantitative indicators such as the value of collaterals, maintenance margin ratio, the credit quality and repayment ability of the borrower, other collaterals conditions, the credit enhancement measures of the third party.

66. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

Methods that is used in the calculation of expected credit losses *(continued)*

(i) Maximum exposure to credit risk

The table below summarizes the Group's maximum exposure to credit risk without taking account of any collateral and other credit enhancements.

	As at 31 December	
	2022	2021
Debt instruments at fair value through other comprehensive income	**61,189,315**	66,838,416
Financial assets held under resale agreements	**71,136,220**	59,582,753
Financial assets at fair value through profit or loss	**162,872,533**	115,894,368
Debt investments at amortised cost	**3,156,149**	—
Refundable deposits	**58,922,817**	40,795,692
Other non-current assets	**106,576**	55,012
Accounts receivable	**11,759,050**	9,312,022
Other current assets	**821,367**	1,750,889
Margin accounts receivable	**87,115,509**	109,287,307
Derivative financial assets	**8,232,823**	4,157,399
Clearing settlement funds	**7,414,914**	6,726,022
Cash held on behalf of brokerage customers	**158,867,961**	151,178,698
Bank balances	**30,747,456**	31,655,816
Total maximum credit risk exposure	**662,342,690**	597,234,394

66. FINANCIAL RISK MANAGEMENT *(continued)*

(3) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities for shortage of capital or fund. The Group has adopted the following measures to manage liquidity risk:

Risk monitoring system built using net capital as the core indicator

The Group establishes a risk monitoring system using net capital as the core indicator and includes other indicators such as the risk coverage ratio, capital leverage ratio, etc. according to "Administrative Measures for Risk Control Indicators of Securities Companies". Meanwhile, the Company strictly adheres to the requirements as per "Guidance for Liquidity Risk Management of Securities Companies" and sets up a framework of the liquidity risk management which features with the liquidity coverage ratio and the net stable funding ratio as the core indicators. The Company continually monitors these indicators and maintains sufficient liquidity reserves by establishing multi-hierarchies of an efficient liquid asset management system.

Strictly controlling the scale of the proprietary trading business

The Group controls the scale of the proprietary trading business strictly. The proprietary investment to net capital ratio falls within the safety zone determined by the regulators. In addition, the Group also sets limits on the percentage of investments in securities and monitors them on a timely basis.

Implementation of risk budget

With the authorization of the Board of Directors, the Group prepares a risk budget for all businesses twice a year, i.e. at the beginning and in the middle of a year. Liquidity risk management is included as part of the risk budget.

Temporary liquidity replenishment mechanism

The Group has business cooperation with various commercial banks and obtains appropriate credit facilities, so as to establish a temporary liquidity replenishment mechanism. The commercial banks agreed to provide an overdraft facility amounting to RMB13,000 million and RMB13,000 million as at 31 December 2022 and 2021, respectively, in case of any temporary position shortage.

66. FINANCIAL RISK MANAGEMENT *(continued)*

(3) Liquidity risk *(continued)*

Temporary liquidity replenishment mechanism *(continued)*

The table below lists the maturity profiles of financial liabilities of the Group based on the remaining undiscounted contractual cash flows:

31 December 2022	**On demand**	**Within 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Financial liabilities							
Loans and borrowings	**21,483**	**9,845,839**	**4,542**	**23,544**	**109,095**	**545,611**	**10,550,114**
Short-term debt instruments	**–**	**755,535**	**1,946,749**	**11,088,728**	**–**	**–**	**13,791,012**
Placements from other financial institutions	**–**	**4,833,546**	**4,734,911**	**3,465,852**	**–**	**–**	**13,034,309**
Accounts payable to brokerage customers	**195,718,783**	**–**	**–**	**–**	**–**	**–**	**195,718,783**
Financial assets sold under repurchase agreements	**387,756**	**148,188,040**	**11,915,498**	**13,094,877**	**–**	**–**	**173,586,171**
Financial liabilities at fair value through profit or loss	**22,434**	**19,128,489**	**19,641,318**	**9,535,311**	**26,721,315**	**–**	**75,048,867**
Derivative financial liabilities	**14,011**	**734,119**	**5,083,598**	**3,137,097**	**821,618**	**216**	**9,790,659**
Bonds payable	**–**	**4,437,450**	**4,263,019**	**28,526,939**	**84,196,740**	**18,765,740**	**140,189,888**
Lease liabilities	**–**	**64,756**	**106,714**	**452,676**	**1,320,373**	**54,563**	**1,999,082**
Other current liabilities	**1,309,764**	**60,703,869**	**1,055,336**	**513,769**	**–**	**–**	**63,582,738**
Total financial liabilities	**197,474,231**	**248,691,643**	**48,751,685**	**69,838,793**	**113,169,141**	**19,366,130**	**697,291,623**

31 December 2021	On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities							
Loans and borrowings	32,178	2,886,519	–	1,459,674	–	–	4,378,371
Short-term debt instruments	–	7,675,388	4,515,513	34,304,864	–	–	46,495,765
Placements from other financial institutions	–	7,914,807	4,215,567	–	–	–	12,130,374
Accounts payable to brokerage customers	172,483,608	–	–	–	–	–	172,483,608
Financial assets sold under repurchase agreements	1,120,312	144,451,773	7,670,632	11,856,200	–	–	165,098,917
Financial liabilities at fair value through profit or loss	367,358	14,802,607	4,077,096	14,768,299	13,539,049	–	47,554,409
Derivative financial liabilities	32,535	401,507	2,703,861	5,442,585	827,264	345,121	9,752,873
Bonds payable	–	1,578,541	5,748,150	27,638,232	92,824,527	11,689,800	139,479,250
Lease liabilities	–	62,000	97,770	411,729	1,525,028	11,067	2,107,594
Other current liabilities	2,078,253	38,175,095	55,216	1,443,169	–	–	41,751,733
Total financial liabilities	176,114,244	217,948,237	29,083,805	97,324,752	108,715,868	12,045,988	641,232,894

66. FINANCIAL RISK MANAGEMENT *(continued)*

(4) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates, exchange rates and securities' market prices.

The Group also engages in the stock and bond underwriting business, and may commit to purchase any remaining shares or bonds in standby underwriting agreements. Under these circumstances, the Group faces the risk that the market prices of the left-over portion may fall below the subscription price due to changes in market conditions.

The Group sets the maximum exposure for market risk. The monitoring and measurement of the exposure is determined according to the principal amount and the stop-loss limit. Market risk is controlled within the predetermined range set by management.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk relates primarily to financial instruments that are interest-bearing.

66. FINANCIAL RISK MANAGEMENT *(continued)*

(4) Market risk *(continued)*

(i) Interest rate risk *(continued)*

The tables below summarize the interest rate risk of the Group. Financial assets and liabilities are presented with reference to the earlier of the contractual repricing dates or maturity dates, and are stated at their carrying amounts.

31 December 2022	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Financial assets							
Debt instruments at fair value through other comprehensive income	413,414	446,611	3,897,630	46,979,354	8,505,794	946,512	61,189,315
Equity Instruments at fair value through other comprehensive income	–	–	–	–	–	2,331,288	2,331,288
Debt investments at amortised cost	–	110,159	257,917	140,564	2,646,972	537	3,156,149
Financial assets held under resale agreements	45,623,489	3,315,378	21,714,018	298,307	–	185,028	71,136,220
Financial assets at fair value through profit or loss	2,405,203	8,249,079	44,836,919	79,468,275	26,311,745	170,130,023	331,401,244
Refundable deposits	1,063,211	–	–	–	–	57,859,606	58,922,817
Other non-current assets	–	–	–	–	–	106,576	106,576
Accounts receivable	–	–	–	–	–	11,759,050	11,759,050
Other current assets	–	–	103,500	–	–	717,867	821,367
Margin accounts receivable	4,649,573	26,319,598	54,305,354	–	–	1,840,984	87,115,509
Derivative financial assets	2,425	46,765	124,953	450,074	191	7,608,415	8,232,823
Clearing settlement funds	7,406,754	–	–	–	–	8,160	7,414,914
Cash held on behalf of brokerage customers	105,634,259	13,051,939	39,660,000	–	–	521,763	158,867,961
Cash and bank balances	28,525,112	231,849	1,779,200	–	–	211,763	30,747,924
Total	195,723,440	51,771,378	166,679,491	127,336,574	37,464,702	254,227,572	833,203,157
Financial liabilities							
Loans and borrowings	9,820,249	–	10,000	40,000	509,000	27,449	10,406,698
Short-term debt instruments	754,754	1,899,633	10,926,481	–	–	68,611	13,649,479
Placements from other financial institutions	4,812,803	4,688,427	3,427,652	–	–	38,323	12,967,205
Accounts payable to brokerage customers	154,314,932	–	–	–	–	41,403,851	195,718,783
Financial assets sold under repurchase agreements	148,419,131	11,739,501	12,771,812	–	–	306,238	173,236,682
Financial liabilities at fair value through profit or loss	16,884,421	19,641,318	9,535,310	26,146,872	–	2,840,946	75,048,867
Derivative financial liabilities	3,389	104,783	62,792	150,511	216	9,468,968	9,790,659
Bonds payable	3,999,810	3,998,092	25,171,827	76,673,361	15,987,963	2,052,541	127,883,594
Lease liabilities	59,570	96,814	415,091	1,261,950	51,750	–	1,885,175
Other current liabilities	37,744	–	–	–	–	63,544,994	63,582,738
Total	339,106,803	42,168,568	62,320,965	104,272,694	16,548,929	119,751,921	684,169,880
Interest rate sensitivity exposure	(143,383,363)	9,602,810	104,358,526	23,063,880	20,915,773	134,475,651	149,033,277

66. FINANCIAL RISK MANAGEMENT *(continued)*

(4) Market risk *(continued)*

(i) Interest rate risk *(continued)*

31 December 2021	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Financial assets							
Debt instruments at fair value through other comprehensive income	332,460	1,039,974	10,312,939	45,539,957	8,629,758	983,328	66,838,416
Equity Instruments at fair value through other comprehensive income	–	–	–	–	–	2,480,358	2,480,358
Financial assets held under resale agreements	35,059,372	4,032,595	18,442,163	1,887,523	–	161,100	59,582,753
Financial assets at fair value through profit or loss	1,237,509	2,759,900	39,227,150	70,997,190	30,876,619	139,286,693	284,385,061
Refundable deposits	491,068	–	–	–	–	40,304,624	40,795,692
Other non-current assets	–	–	–	–	–	55,012	55,012
Accounts receivable	–	–	–	–	–	9,312,022	9,312,022
Other current assets	825,595	–	–	–	–	925,294	1,750,889
Margin accounts receivable	16,069,850	26,569,671	65,385,049	–	–	1,262,737	109,287,307
Derivative financial assets	282	40,252	4,479	38,074	–	4,074,312	4,157,399
Clearing settlement funds	6,714,784	–	–	–	–	11,238	6,726,022
Cash held on behalf of brokerage customers	104,791,098	10,455,600	35,932,000	–	–	–	151,178,698
Cash and bank balances	29,354,589	5,300	1,645,300	–	–	651,038	31,656,227
Total	194,876,607	44,903,292	170,949,080	118,462,744	39,506,377	199,507,756	768,205,856
Financial liabilities							
Loans and borrowings	2,885,540	–	1,453,740	–	–	1,509	4,340,789
Short-term debt instruments	7,535,474	4,468,043	33,647,030	–	–	370,755	46,021,302
Placements from other financial institutions	7,909,030	4,192,256	–	–	–	7,547	12,108,833
Accounts payable to brokerage customers	147,256,114	–	–	–	–	25,227,494	172,483,608
Financial assets sold under repurchase agreements	145,433,367	7,625,848	11,617,839	–	–	207,038	164,884,092
Financial liabilities at fair value through profit or loss	11,473,096	4,050,809	14,516,112	15,715,040	–	1,734,475	47,489,532
Derivative financial liabilities	3,233	246,048	51,606	89,454	–	9,362,532	9,752,873
Bonds payable	1,272,941	5,037,428	24,090,083	84,748,496	9,742,411	1,875,739	126,767,098
Lease liabilities	55,544	86,639	368,804	1,418,703	10,418	–	1,940,108
Other current liabilities	–	–	–	–	–	41,751,733	41,751,733
Total	323,824,339	25,707,071	85,745,214	101,971,693	9,752,829	80,538,822	627,539,968
Interest rate sensitivity exposure	(128,947,732)	19,196,221	85,203,866	16,491,051	29,753,548	118,968,934	140,665,888

66. FINANCIAL RISK MANAGEMENT *(continued)*

(4) Market risk *(continued)*

(i) Interest rate risk *(continued)*

Sensitivity analysis

The Group uses sensitivity analysis to measure the impact on net interest income, fair value gains or losses and equity due to changes in interest rates. The sensitivity of net interest income represents the fluctuation of net interest income, as a result of certain changes in interest rates, arising from financial assets and liabilities held at the year end which will be repriced within the next year. The sensitivity of fair value gains or losses and equity are calculated as the fluctuations in fair values of fixed-rate financial assets that are classified at fair value through profit or loss and debt instruments at fair value through other comprehensive income, due to certain changes in interest rates.

The table below summarizes the results of the sensitivity analysis, and shows the impact on net profits and other comprehensive income (net of tax) resulting from a reasonably possible change in the interest rate, based on the assets and liabilities held as at 31 December 2022 and 2021, with all other variables held constant.

	As at 31 December			
	2022		2021	
	+50 BP	**– 50 BP**	+50 BP	– 50 BP
Change in				
– net profit	**(660,548)**	**664,006**	(1,236,614)	1,334,286
– other comprehensive income	**(589,467)**	**608,027**	(684,551)	734,346
Change in equity	**(1,250,015)**	**1,272,033**	(1,921,165)	2,068,632

(ii) Currency risk

Currency risk is the risk of fluctuation in the fair value of financial instruments or future cash flows arising from movements in foreign exchange rates. The Group's currency risk primarily relates to business activities denominated in foreign currencies different from the Group's functional currency, and its net investments in foreign subsidiaries.

Except for the subsidiaries incorporated in Hong Kong which hold assets mainly denominated in HKD, the assets and liabilities denominated in foreign currencies represent only an insignificant portion of the Group's entire assets and liabilities.

The Group's currency risk is not material because the net foreign currency exposure is relatively low.

66. FINANCIAL RISK MANAGEMENT *(continued)*

(4) Market risk *(continued)*

(iii) Price risk

Price risk is the risk that the fair value of equity securities declines because of unfavorable changes in the stock index level or the price of individual securities.

The Group mainly invests in listed equity securities, warrants, funds, stock futures, etc. The Group's maximum exposure to price risk is determined by the fair value of financial instruments it holds.

The above financial instruments are exposed to price risk due to fluctuations in fair values, which can be caused by factors specific to individual financial instruments or their issuers, or factors affecting all financial instruments traded in the market.

The analysis below is to show the impact on net profit and other comprehensive income (net of tax) due to changes in fair values of investments in equity securities, funds, equity derivative financial assets/liabilities, trust products, stock futures and other equity investments by 10%, based on the carrying amounts at the end of each reporting period, with all other variables held constant.

Sensitivity analysis

	As at 31 December			
	2022		2021	
	+10%	**-10%**	+10%	-10%
Change in				
– net profit	**11,219,460**	**(11,219,460)**	9,858,422	(9,858,422)
– other comprehensive income	**175,468**	**(175,468)**	186,027	(186,027)
Change in equity	**11,394,928**	**(11,394,928)**	10,044,449	(10,044,449)

66. FINANCIAL RISK MANAGEMENT *(continued)*

(5) Capital management

The Group's objectives for capital management are:

- to safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders;
- to support the Group's stability and growth;
- to maintain a strong capital base to support the development of their business; and
- to comply with the capital requirements under the PRC and Hong Kong regulations.

The Group manages and adjusts its capital structure in accordance with changes in the economic situation and risk characteristics of relevant assets. In order to maintain or adjust its capital structure, the Company may adjust profit distribution to shareholders, return capital, issue new shares, subordinated debts and convertible bonds, etc.

The Group adopts net capital as the indicator to manage its capital. Net capital is a comprehensive risk control indicator which is calculated as net assets minus risk adjustments on certain assets, liabilities and business, determined in accordance with securities companies' business scope and liquidity of their assets and liabilities.

On 23 January 2020, the CSRC issued the Calculation Rules for Risk Control Indicators of Securities Companies, which came into effect on 1 June 2020; on 20 March 2020, the CSRC issued the Administrative Measures for Risk Control Indicators of Securities Companies (2020 amended) with amendments to the framework and criteria of risk control indicators which securities companies must be continually compliant, which came into effect on 20 March 2020. Based on the rules above and other related rules issued or revised subsequently, the Company is required to meet the following standards for risk control indicators on a continual basis:

(i) the ratio of net capital divided by the sum of its various risk capital provisions shall be no less than 100%;

(ii) the ratio of net capital divided by net assets shall be no less than 20%;

(iii) the ratio of net capital divided by liabilities shall be no less than 8%;

(iv) the ratio of net assets divided by liabilities shall be no less than 10%;

(v) the ratio of the value of equity securities and derivatives held divided by net capital shall not exceed 100%;

66. FINANCIAL RISK MANAGEMENT *(continued)*

(5) Capital management *(continued)*

(vi) the ratio of the value of non-equity securities and non-equity derivatives held divided by net capital shall not exceed 500%;

(vii) the ratio of core net capital divided by total assets on and off-balance sheet shall be no less than 8%;

(viii) the ratio of high quality liquid assets divided by net cash outflows within 30 days shall be no less than 100%;

(ix) the ratio of stable funds available divided by stable funds required shall be no less than 100%; and

(x) the ratio of the value of margin financing, securities lending, stock-pledged financing and securities repurchase divided by net capital shall not exceed 400%.

Certain subsidiaries of the Company are also subject to capital requirements under the PRC and Hong Kong regulations, imposed by the CSRC and the Hong Kong Securities and Futures Commission, respectively.

67. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability could be settled, between knowledgeable and willing parties in an arm's length transaction. Methods and assumptions below are used to estimate the fair value.

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments.

(a) Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1");

(b) Fair value is based on 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) ("Level 2"); and

(c) Fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3").

67. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(1) Fair values of the financial assets and financial liabilities that are measured at fair value on a recurring basis:

31 December 2022	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
At fair value through profit or loss				
– Debt securities	914,061	146,496,581	1,147,782	148,558,424
– Funds	33,710,515	57,676,142	5,593,489	96,980,146
– Equity securities	37,659,457	10,310,967	3,320,652	51,291,076
– Other investments	1,144,555	27,690,021	5,737,022	34,571,598
Debt instruments at fair value through other comprehensive income				
– Debt securities	279,271	60,910,044	–	61,189,315
Equity Instruments at fair value through other comprehensive income				
– Equity securities	2,081,878	3,097	246,313	2,331,288
Derivative financial assets	699,956	7,532,867	–	8,232,823
Total	76,489,693	310,619,719	16,045,258	403,154,670
Financial liabilities at fair value through profit or loss				
At fair value through profit or loss				
– Equity securities	543,882	–	–	543,882
– Debt securities	–	9,503,187	–	9,503,187
– Others	–	640,856	–	640,856
Designated as at fair value through profit or loss				
– Debt securities	–	55,870,959	6,833,775	62,704,734
– Others	420,047	728,148	508,013	1,656,208
Derivative financial liabilities	216,732	9,573,927	–	9,790,659
Total	1,180,661	76,317,077	7,341,788	84,839,526

67. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(1) Fair values of the financial assets and financial liabilities that are measured at fair value on a recurring basis: *(continued)*

31 December 2021	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
At fair value through profit or loss				
– Debt securities	1,649,948	128,624,806	1,479,802	131,754,556
– Funds	28,881,448	48,466,933	5,729,476	83,077,857
– Equity securities	21,641,328	11,674,952	1,783,365	35,099,645
– Other investments	1,108,986	29,076,185	4,267,832	34,453,003
Debt instruments at fair value through other comprehensive income				
– Debt securities	1,617,647	65,220,769	–	66,838,416
Equity Instruments at fair value through other comprehensive income				
– Equity securities	2,033,181	139,456	307,721	2,480,358
Derivative financial assets	739,654	3,417,745	–	4,157,399
Total	57,672,192	286,620,846	13,568,196	357,861,234
Financial liabilities at fair value through profit or loss				
At fair value through profit or loss				
– Equity securities	156,886	–	–	156,886
– Debt securities	–	5,692,128	–	5,692,128
– Others	322,971	259,450	–	582,421
Designated as at fair value through profit or loss				
– Debt securities	–	34,872,666	5,190,264	40,062,930
– Others	–	367,358	627,809	995,167
Derivative financial liabilities	175,062	9,577,811	–	9,752,873
Total	654,919	50,769,413	5,818,073	57,242,405

During the year mentioned above, there were no significant transfers of fair value measurements between Level 1 and Level 2.

67. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(2) Valuation process and methods for specific investments

As at the end of the reporting period, the Group's valuation methods and assumptions are as follows:

Level 1

Fair value of financial investment is based on quoted prices (unadjusted) reflected in active markets for identical assets or liabilities.

Level 2

Fair value of financial investment is based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.

During the year, the Group held no changes on the valuation techniques for Level 2.

Level 3

Fair value of financial investment is based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. For certain unlisted equity securities and debt securities, the Group adopts the valuation techniques and quotation from counterparties' quotations or valuation techniques to determine the fair value. Valuation techniques include a discounted cash flow analysis, the market comparison approach, etc. The fair value measurement of these financial instruments may involve unobservable inputs such as credit spread, price to book ratio, price to earnings ratio, liquidity discount, etc. Fair value change resulting from changes in the unobservable inputs was not significant. The Finance Department periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial instruments in Level 3.

67. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(3) Movements in Level 3 financial instruments measured at fair value:

	Year ended 31 December 2022		
	Financial assets at fair value through profit or loss	**Equity instruments at fair value through other comprehensive income**	**Financial liabilities at fair value through profit or loss**
As at 1 January 2022	**13,260,475**	**307,721**	**(5,818,073)**
Gains/(losses) for the year	**685,304**	–	**(1,094,235)**
Changes in fair value recognized in other comprehensive income	–	**(73,469)**	–
Additions	**1,404,751**	**25,000**	**(1,293,064)**
Transfers in	**1,153,978**	**67**	–
Transfers out	**(10,906)**	–	–
Decreases	**(694,657)**	**(13,006)**	**863,584**
As at 31 December 2022	**15,798,945**	**246,313**	**(7,341,788)**

	Year ended 31 December 2021		
	Financial assets at fair value through profit or loss	Equity instruments at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss
As at 1 January 2021	14,905,879	366,383	(8,674,818)
Gains/(losses) for the year	489,997	–	(500,939)
Changes in fair value recognized in other comprehensive income	–	(59,673)	–
Additions	2,903,444	–	–
Transfers in	1,678,501	1,011	–
Transfers out	(3,286,089)	–	–
Decreases	(2,949,444)	–	3,357,684
Lost control of a subsidiary	(481,813)	–	–
As at 31 December 2021	13,260,475	307,721	(5,818,073)

67. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(4) Important unobservable input value in fair value measurement of Level 3

For financial instruments in Level 3, prices are determined using valuation techniques such as discounted cash flow models and other similar techniques. Categorization of fair value measured within Level 3 of the valuation hierarchy is generally based on the significance of the unobservable inputs to the overall fair value measurement. The following table presents the valuation techniques and inputs of major financial instruments in Level 3.

As at 31 December 2022:

Financial assets/liabilities	Fair value	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Stocks/unlisted equity investments	1,344,243	Market comparable model	Discount for lack of marketability	The higher the discount, the lower the fair value
Stocks/unlisted equity investments	2,132,773	Recent transaction price	N/A	N/A
Stocks/unlisted equity investments	89,949	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discounted rate, the lower the fair value
Debt investments	175,653	Market comparable model	Pricing multiples	The higher the pricing multiples, the higher the fair value
Debt investments	972,129	Discounted cash flow model	Collateral Value	N/A
Unlisted funds	2,749,040	Net Asset Value	N/A	N/A
Unlisted funds	722,038	Market comparable model	Discount for lack of marketability	The higher the discount, the lower the fair value
Unlisted funds	2,122,411	Recent transaction price	N/A	N/A
Other investments	5,737,022	Net Asset Value	N/A	N/A
Financial liabilities	(508,013)	Market comparable model	Discount for lack of marketability	The higher the discount, the lower the fair value
Financial liabilities	(6,833,775)	Recent transaction price	N/A	N/A

67. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(4) Important unobservable input value in fair value measurement of Level 3 *(continued)*

As at 31 December 2021:

Financial assets/liabilities	Fair value	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Stocks/unlisted equity investments	855,846	Market comparable model	Discount for lack of marketability	The higher the discount, the lower the fair value
Stocks/unlisted equity investments	1,182,079	Recent transaction price	N/A	N/A
Stocks/unlisted equity investments	53,161	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discounted rate, the lower the fair value
Debt investments	1,479,802	Recent transaction price	N/A	N/A
Unlisted funds	716,483	Market comparable model	Discount for lack of marketability	The higher the discount, the lower the fair value
Unlisted funds	5,012,993	Recent transaction price	N/A	N/A
Other investments	3,448,478	Recent transaction price	N/A	N/A
Other investments	819,354	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discounted rate, the lower the fair value
Financial liabilities	(627,809)	Market comparable model	Discount for lack of marketability	The higher the discount, the lower the fair value
Financial liabilities	(5,190,264)	Recent transaction price	N/A	N/A

The fair value of the financial instruments in Level 3 is not significantly sensitive to a reasonable change in these unobservable inputs.

67. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(5) Financial assets and liabilities not measured at fair value

As at 31 December 2022 and 31 December 2021, the carrying amounts of the Group's financial instruments carried at cost or amortized cost approximated their fair values, except for debt investments at amortised cost and bonds payable, whose carrying amounts and fair values are summarized below.

	As at 31 December 2022				
	Carrying amounts	**Fair values**	**Level 1**	**Level 2**	**Level 3**
Debt investments at amortised cost	**3,156,149**	**3,230,273**	**–**	**3,230,273**	**–**
Bonds payable	**127,883,594**	**129,829,813**	**73,999,473**	**55,830,340**	**–**

	As at 31 December 2021				
	Carrying amounts	Fair values	Level 1	Level 2	Level 3
Bonds payable	126,767,098	129,727,119	14,978,140	111,411,490	3,337,489

68. EVENTS AFTER THE REPORTING PERIOD

1. Issuance of corporate bonds and short-term financing bills, drawdown of medium term notes

On 9 January 2023, the Company has publicly issued 1st batch of corporate bonds to qualified investors, with Category I of 770 days with a nominal amount of RMB3 billion, bearing interest at 2.90% per annum and Category II of 1,096 days with a nominal amount of RMB3 billion, bearing interest at 3.07% per annum.

On 2 February 2023, the Company has issued 1st batch of short-term financing bills. The bills are of 266 days with a nominal amount of RMB4 billion, bearing interest at 2.65% per annum.

On 15 February 2023, the Company has publicly issued 2nd batch of corporate bonds to qualified investors, with Category I of 731 days with a nominal amount of RMB1.5 billion, bearing interest at 2.92% per annum and Category II of 1,096 days with a nominal amount of RMB4.5 billion, bearing interest at 3.16% per annum.

On 9 March 2023, the Company has issued 2nd batch of short-term financing bills. The bills are of 364 days with a nominal amount of RMB4 billion, bearing interest at 2.80% per annum.

On 10 March 2023, the Company's subsidiary, Guotai Junan Holdings Limited has drawdown RMB500 million under a medium term note programme. The notes are of 3 years, bearing interest at 3.35% per annum.

On 23 March 2023, the Company's subsidiary, Guotai Junan Holdings Limited has drawdown RMB935 million under a medium term note programme. The notes are of 3 years, bearing interest at 3.35% per annum.

On 24 March 2023, the Company's subsidiary, Guotai Junan Holdings Limited has drawdown RMB500 million under a medium term note programme. The notes are of 3 years, bearing interest at 3.35% per annum.

69. STANDARDS AND AMENDMENTS RELEVANT TO THE GROUP THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED BEFORE THEIR EFFECTIVE DATES IN 2022

The Group has not adopted the following new standards and amendments that have been issued by the IASB but are not yet effective.

			Effective for annual periods beginning on or after	Notes
(1)	IFRS 17	Insurance Contracts	1 January 2023	(i)
(2)	Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023	(ii)
(3)	Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023	(iii)
(4)	Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	(iv)
(5)	Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024	(v)
(6)	Amendments to IAS 1 (2020)	Classification of Liabilities as Current or Non-current	1 January 2024	(vi)
(7)	Amendments to IAS 1 (2022)	Non-current Liabilities with Covenants	1 January 2024	(vi)
(8)	Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	The effective date has now been deferred indefinitely	(vii)

(i) IFRS 17: Insurance Contracts

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. Amendments to IFRS 17 were issued in June 2020 and December 2021 to address stakeholder concerns and implementation challenges. IFRS 17 sets out a single principle-based standard for the recognition, measurement, presentation and disclosure of insurance contracts in the financial statements of the issuers of those contracts.

IFRS 17 should be applied to annual reporting periods beginning on or after 1 January 2023, and the amendments should be applied at the same time. The Group will adopt IFRS 17 from 1 January 2023. The Group will change its accounting policies from the beginning of 2023 and disclose its financial statements in accordance with IFRS 17 and its amendments since the first quarterly report of 2023. Based on a preliminary assessment, the Group anticipates that the adoption of IFRS 17 and its amendments will not have a significant impact on the Group's consolidated financial statements.

69. STANDARDS AND AMENDMENTS RELEVANT TO THE GROUP THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED BEFORE THEIR EFFECTIVE DATES IN 2022 *(continued)*

(ii) Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies

The amendments clarify that an entity will be required to disclose its "material" accounting policy information as opposed to "significant" accounting policies and provide additional guidance on how to identify material accounting policy information. The amendments to IFRS Practice Statement 2 provide additional guidance and examples to explain and illustrate the application of the "four-step materiality process" to accounting policy information. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

(iii) Amendments to IAS 8: Definition of Accounting Estimates

The amendments now define "accounting estimates" as "monetary amounts in financial statements that are subject to measurement uncertainty" and remove the definition of "a change in accounting estimate". The amendments also clarify that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates unless they result from the correction of prior period errors. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

(iv) Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments specify how entities should account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition. As a result, entities will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

(v) Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

The amendments add to the requirements explaining how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains, including cases with variable lease payments in the leaseback. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

69. STANDARDS AND AMENDMENTS RELEVANT TO THE GROUP THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED BEFORE THEIR EFFECTIVE DATES IN 2022 *(continued)*

(vi) Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

The amendments to IAS 1 (2020) concern the requirements on determining if a liability is current or non-current. In particular, the amendments specify the condition of an entity to classify a liability as non-current requires that a right to defer settlement must exist at the end of the reporting period and have substance, and clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement.

The amendments also specify the classification of liabilities that will or may be settled by issuing an entity's own equity instruments. When a liability includes a counterparty conversion option that involves a transfer of the entity's own equity instruments, the classification of such liability is not affected only when the conversion option is recognized separately from the host liability as an equity component under IAS 32.

The amendments to IAS 1 (2022) specify that only covenants with which an entity must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the entity must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, an entity is required to disclose information regarding the risk that the non-current liabilities subject to future covenants could become repayable within twelve months after the end of the reporting period.

The 2022 amendments defer the effective date of the 2020 amendments to annual reporting periods beginning on or after 1 January 2024. If an entity applies one of these two amendments for an earlier period, the other amendments should also be applied for that period.

The Group anticipates that the adoption of the amendments will have no impact on the Group's consolidated financial statements.

(vii) Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

The amendments address an inconsistency between IFRS 10 and IAS 28 in the sale and contribution of assets between an investor and its associate or joint venture.

A full gain or loss is recognized when a transaction involves a business. A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.

The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

70. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December	
	2022	2021
Non-current assets		
Property and equipment	**1,510,995**	1,620,978
Right-of-use assets	**1,290,601**	1,369,867
Other intangible assets	**646,138**	603,487
Investments in subsidiaries	**26,965,388**	19,899,368
Investments in associates	**4,855,225**	6,721,564
Debt instruments at fair value through other comprehensive income	**50,929,592**	54,045,842
Equity instruments at fair value through other comprehensive income	**1,639,620**	2,034,488
Financial assets held under resale agreements	**298,860**	1,893,344
Financial assets at fair value through profit or loss	**4,102,149**	6,468,160
Refundable deposits	**14,692,377**	10,797,558
Deferred tax assets	**1,317,052**	1,030,133
Other non-current assets	**112,606**	1,824,461
Total non-current assets	**108,360,603**	108,309,250
Current assets		
Accounts receivable	**4,862,372**	1,881,718
Other current assets	**9,225,810**	3,609,743
Margin accounts receivable	**81,509,790**	97,149,697
Debt instruments at fair value through other comprehensive income	**4,480,350**	11,794,214
Financial assets held under resale agreements	**67,448,024**	50,846,823
Financial assets at fair value through profit or loss	**242,611,338**	208,703,145
Derivative financial assets	**7,014,244**	3,722,087
Clearing settlement funds	**7,994,016**	7,305,231
Cash held on behalf of brokerage customers	**86,690,419**	88,726,761
Cash and bank balances	**20,304,454**	22,853,734
Total current assets	**532,140,817**	496,593,153
Total assets	**640,501,420**	604,902,403

70. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

	As at 31 December	
	2022	2021
Current liabilities		
Short-term debt instruments	**10,268,654**	32,360,695
Placements from other financial institutions	**12,967,205**	12,108,833
Accounts payable to brokerage customers	**88,991,027**	87,610,710
Employee benefits payable	**6,432,071**	6,669,415
Income tax payable	**1,211,538**	1,433,151
Financial assets sold under repurchase agreements	**155,980,534**	152,586,993
Financial liabilities at fair value through profit or loss	**32,308,840**	13,694,835
Derivative financial liabilities	**9,492,608**	8,812,780
Bonds payable	**33,724,583**	27,706,455
Contract liabilities	**79,730**	–
Lease liabilities	**436,745**	420,489
Other current liabilities	**53,213,786**	35,291,651
Total current liabilities	**405,107,321**	378,696,007
Net current assets	**127,033,496**	117,897,146
Total assets less current liabilities	**235,394,099**	226,206,396
Non-current liabilities		
Loans and borrowings	**559,151**	–
Bonds payable	**85,778,869**	87,163,730
Lease liabilities	**1,003,165**	1,087,287
Financial liabilities at fair value through profit or loss	**8,663,667**	6,443,516
Other non-current liabilities	**335,976**	193,676
Total non-current liabilities	**96,340,828**	94,888,209
Net assets	**139,053,271**	131,318,187
Equity		
Share capital	**8,906,673**	8,908,450
Other equity instruments	**16,046,936**	11,071,656
Treasury shares	**(393,371)**	(638,820)
Reserves	**73,729,940**	72,046,822
Retained profits	**40,763,093**	39,930,079
Total equity	**139,053,271**	131,318,187

70. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

	Share capital	Other equity instruments	Reserves: Capital reserve	Reserves: Investment revaluation reserve	Reserves: Surplus reserve	Reserves: General reserve	Treasury Shares	Retained profits	Total
At 31 December 2021	8,908,450	11,071,656	44,354,202	622,207	7,172,529	19,897,884	(638,820)	39,930,079	131,318,187
Profit for the year	–	–	–	–	–	–	–	9,158,149	9,158,149
Other comprehensive income for the year	–	–	–	(448,049)	–	–	–	–	(448,049)
Total comprehensive income for the year	–	–	–	(448,049)	–	–	–	9,158,149	8,710,100
Issue of perpetual bonds	–	4,975,283	–	–	–	–	–	–	4,975,283
Appropriation to general reserve	–	–	–	–	–	1,831,630	–	(1,831,630)	–
Dividends	–	–	–	–	–	–	–	(6,056,537)	(6,056,537)
Distribution to other equity instrument holders	–	–	–	–	–	–	–	(402,500)	(402,500)
Other comprehensive income that has been reclassified to retained profits	–	–	–	34,468	–	–	–	(34,468)	–
Conversion of convertible bonds	1	(3)	21	–	–	–	–	–	19
Deregistration of treasury shares	(1,778)	–	(10,810)	–	–	–	12,588	–	–
Equity-settled share-based payments	–	–	275,858	–	–	–	232,861	–	508,719
At 31 December 2022	8,906,673	16,046,936	44,619,271	208,626	7,172,529	21,729,514	(393,371)	40,763,093	139,053,271

70. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

	Share capital	Other equity instruments	Reserves: Capital reserve	Reserves: Investment revaluation reserve	Reserves: Surplus reserve	Reserves: General reserve	Treasury Shares	Retained profits	Total
At 31 December 2020	8,908,448	11,071,661	44,143,827	926,827	7,172,529	17,465,026	(776,909)	35,408,355	124,319,764
Profit for the year	–	–	–	–	–	–	–	11,919,066	11,919,066
Other comprehensive income for the year	–	–	–	(90,135)	–	–	–	–	(90,135)
Total comprehensive income for the year	–	–	–	(90,135)	–	–	–	11,919,066	11,828,931
Appropriation to general reserve	–	–	–	–	–	2,383,813	–	(2,383,813)	–
Dividends	–	–	–	–	–	–	–	(4,983,132)	(4,983,132)
Distribution to other equity instrument holders	–	–	–	–	–	–	–	(402,500)	(402,500)
Other comprehensive income that has been reclassified to retained profits	–	–	–	(175,919)	–	–	–	175,919	–
Conversion of convertible bonds	2	(5)	27	–	–	–	–	–	24
Acquisition of treasury shares	–	–	–	–	–	–	(12,588)	–	(12,588)
Equity-settled share-based payments	–	–	207,170	–	–	–	150,677	–	357,847
Lost control of a subsidiary	–	–	3,178	(38,566)	–	49,045	–	196,184	209,841
At 31 December 2021	8,908,450	11,071,656	44,354,202	622,207	7,172,529	19,897,884	(638,820)	39,930,079	131,318,187

71. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Directors on 29 March 2023.

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