This announcement and the listing document referred to herein have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) forms the basis for any contract or commitment whatsoever. *For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Issuer (as defined below) 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.*

PUBLICATION OF OFFERING CIRCULAR

CMBC INTERNATIONAL FUNDING (HK) LIMITED
民銀國際融資(香港)有限公司

(incorporated in Hong Kong with limited liability)

U.S.$300,000,000 FLOATING RATE GUARANTEED BONDS DUE 2029
(THE "BONDS")
unconditionally and irrevocably guaranteed by

CMBC INTERNATIONAL HOLDINGS LIMITED
民生商銀國際控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 40081)

Lead Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

CMBC Capital
China Minsheng Banking Corp., Ltd. Hong Kong Branch

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

China Everbright Bank Hong Kong Branch
Hua Xia Bank Co., Limited Hong Kong Branch
Industrial Bank Co., Ltd. Hong Kong Branch
Shanghai Pudong Development Bank Hong Kong Branch
BOCOM International
China CITIC Bank International
China Zheshang Bank Co., Ltd. (Hong Kong Branch)
CNCB Capital
E.SUN Bank Hong Kong Branch
China Industrial Securities International
Orient Securities (Hong Kong)
Guotai Junan International
Standard Chartered Bank
Zhongtai International

Joint Lead Managers and Joint Bookrunners

ABC International
Bank of China
BOC International
CCB International
CEB International
China Galaxy International
China International Capital Corporation
China Securities International
CITIC Securities
CMB International
CMB Wing Lung Bank Limited
GF Securities (Hong Kong)
Haitong Bank
Haitong International
Huatai International
ICBC Singapore
Luso Bank Ltd.
SDIC Securities HK
Shenwan Hongyuan (H.K.)
Sinolink Securities (HK)
Soochow Securities (Hong Kong)
SPDB International
SunRiver International Securities Group Limited

This announcement is issued pursuant to Rule 37.39A of the Listing Rules. Reference is made to the notice of the listing of the Bonds on The Stock Exchange of Hong Kong Limited dated 6 February 2026. The Bonds as described in the offering circular dated 2 February 2026 (the "**Offering Circular**") (appended herewith) are issued 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.

Notice to Hong Kong Investors: CMBC International Funding (HK) Limited 民銀國際融資(香港)有限公司 (the "**Issuer**") and CMBC International Holdings Limited 民生商銀國際控股有限公司 (the "**Guarantor**") confirm that the Bonds are intended for purchase by Professional Investors only and have been listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer and the Guarantor confirm that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

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, 9 February 2026

As at the date of this announcement, the directors of CMBC International Funding (HK) Limited 民銀國際融資(香港)有限公司 are Mr. LIU Yanming and Mr. SHEK Yeung Eric.

As at the date of this announcement, the directors of CMBC International Holdings Limited 民生商銀國際控股有限公司 are Mr. GAO Yingxin, Mr. DU Yunfei, Mr. WANG Hang, Mr. HUANG Hongri and Mr. LI Baochen.

IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES

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

Nothing in this electronic transmission constitutes an offer of securities for sale in the United States or any other jurisdiction where it is unlawful to do so. The securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any state of the United States or other jurisdiction and the securities may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. This offering is made solely in offshore transactions pursuant to Regulation S under the Securities Act.

THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION, OR REPRODUCTION OF THE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States. The Offering Circular is being sent at your request and by accepting the email and accessing the Offering Circular, you shall be deemed to have represented to the Issuer (as defined in the Offering Circular), the Guarantor (as defined in the Offering Circular) and CMBC Securities Company Limited, China Minsheng Banking Corp., Ltd. Hong Kong Branch, China Everbright Bank Co., Ltd., Hong Kong Branch, Hua Xia Bank Co., Limited Hong Kong Branch, Industrial Bank Co., Ltd. Hong Kong Branch, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, BOCOM International Securities Limited, China CITIC Bank International Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), CNCB (Hong Kong) Capital Limited, E.SUN Commercial Bank, Ltd. Hong Kong Branch, China Industrial Securities International Brokerage Limited, Orient Securities (Hong Kong) Limited, Guotai Junan Securities (Hong Kong) Limited, Standard Chartered Bank, Zhongtai International Securities Limited, ABCI Capital Limited, Bank of China Limited, BOCI Asia Limited, CCB International Capital Limited, CEB International Capital Corporation Limited, China Galaxy International Securities (Hong Kong) Co., Limited, China International Capital Corporation Hong Kong Securities Limited, China Securities (International) Corporate Finance Company Limited, CLSA Limited, CMB International Capital Limited, CMB Wing Lung Bank Limited, GF Securities (Hong Kong) Brokerage Limited, Haitong Bank, Macau Branch, Haitong International Securities Company Limited, Huatai Financial Holdings (Hong Kong) Limited, Industrial and Commercial Bank of China Limited, Singapore Branch, Luso International Banking Limited, SDIC Securities (Hong Kong) Limited, Shenwan Hongyuan Securities (H.K.) Limited, Sinolink Securities (Hong Kong) Company Limited, Soochow Securities International Brokerage Limited, SPDB International Capital Limited and SunRiver International Securities Group Limited (together, the "**Joint Lead Managers**") that you and any customers you represent are not, and the email address that you gave the Joint Lead Managers to which this email has been delivered is not, located in the United States and that you consent to delivery of the Offering Circular and any amendments or supplements thereto by electronic transmission.

The Offering Circular is being furnished in connection with an offering in offshore transactions outside the United States in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

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

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the Issuer, the Guarantor, the Joint Lead Managers or the Agents (each as defined in the terms and conditions of the Bonds) or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any of its affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

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

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

Actions that you may not take: If you receive this document by 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.

CMBC International Funding (HK) Limited
民銀國際融資(香港)有限公司

(incorporated in Hong Kong with limited liability)

U.S.$300,000,000 FLOATING RATE GUARANTEED BONDS DUE 2029
unconditionally and irrevocably guaranteed by

CMBC International Holdings Limited
民生商銀國際控股有限公司

(incorporated in Hong Kong with limited liability)

ISSUE PRICE: 100.00 PER CENT.

The floating rate guaranteed bonds in the aggregate principal amount of U.S.$300,000,000 due 2029 (the "**Bonds**") will be issued by CMBC International Funding (HK) Limited 民銀國際融資(香港)有限公司 (the "**Issuer**"). The Bonds will be unconditionally and irrevocably guaranteed (the "**Guarantee**") by CMBC International Holdings Limited 民生商銀國際控股有限公司 (the "**Guarantor**"). The Issuer is a wholly-owned subsidiary of the Guarantor.

The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds. Its obligations in that respect will be contained in the deed of guarantee (the "**Deed of Guarantee**") dated on or around 6 February 2026 (the "**Issue Date**"), which will be entered into by the Guarantor.

The Bonds will bear interest on their outstanding principal amount from and including the Issue Date at the rate which is equal to Compounded SOFR Index (as defined in the terms and conditions of the Bonds (the "**Terms and Conditions**")) plus 0.60 per cent. per annum, payable semi-annually in arrear on 6 February and 6 August in each year (each, an "**Interest Payment Date**") subject to adjustment in accordance with the Terms and Conditions. Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to, 6 February 2029.

The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 4(b) of the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds and the obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by mandatory provisions of applicable laws and regulations and subject to Condition 4(b) of the Terms and Conditions, at all times rank at least *pari passu* with all its other present and future unsecured and unsubordinated obligations. All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without set-off or counterclaim 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 Hong Kong or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law, as further described in "*Terms and Conditions of the Bonds — Taxation*".

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)) (the "**NDRC Administrative Measures**") issued by National Development and Reform Commission or its local counterparts (the "**NDRC**") effective from 10 February 2023, China Minsheng Banking Corp. Ltd. ("**CMBC**"), the parent company of the Guarantor, has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC on 28 February 2025 evidencing such registration. Pursuant to the NDRC Administrative Measures and any implementation rules, regulations, certificates, circulars, notices or policies in connection therewith as issued by the NDRC from time to time, the Guarantor undertakes to submit or cause to be submitted with the NDRC the requisite information and documents in relation to the issue of the Bonds within the relevant prescribed timeframes after the Issue Date including but not limited to the filing with the NDRC of the requisite information and documents relating to the issue of the Bonds within 10 PRC Business Days (as defined in the Terms and Conditions) after the Issue Date (the "**NDRC Post-issue Filing**") and complying with all applicable PRC laws and regulations in relation to the NDRC Post-issue Filing.

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with the Terms and Conditions (which such notice shall be irrevocable) and in writing to the Fiscal Agent (as defined in the Terms and Conditions) at their principal amount together with interest accrued to but excluding the date fixed for redemption, if (i) the Issuer and/or the Guarantor (as the case may be) has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of Hong Kong or 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 2 February 2026, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, as further described in "*Terms and Conditions of the Bonds — Redemption for Taxation Reasons*". At any time following the occurrence of a Change of Control Event, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions) at a redemption price equal to 101 per cent. of their principal amount, together with interest accrued to but excluding such Put Settlement Date. See "*Terms and Conditions of the Bonds — Redemption and Purchase*".

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

Investing in the Bonds involves certain risks. See "*Risk Factors*" in this Offering Circular for a discussion of certain risk factors to be considered in connection with an investment in the Bonds.

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

Application will be made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for the listing of, and permission to deal in, the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only. This document is for distribution to Professional Investors only.

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

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

The Bonds are expected to be rated "BBB-" by Fitch Ratings Ltd. ("**Fitch**"). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

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

Lead Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

CMBC Capital | **China Minsheng Banking Corp., Ltd. Hong Kong Branch**

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

China Everbright Bank Hong Kong Branch	**Hua Xia Bank Co., Limited Hong Kong Branch**	**Industrial Bank Co., Ltd. Hong Kong Branch**	**Shanghai Pudong Development Bank Hong Kong Branch**
BOCOM International	**China CITIC Bank International**	**China Zheshang Bank Co., Ltd. (Hong Kong Branch)**	**CNCB Capital**
E.SUN Bank Hong Kong Branch	**China Industrial Securities International**	**Orient Securities (Hong Kong)**	**Guotai Junan International**
Standard Chartered Bank		**Zhongtai International**	

Joint Lead Managers and Joint Bookrunners

ABC International	**Bank of China**	**BOC International**	**CCB International**
CEB International	**China Galaxy International**	**China International Capital Corporation**	**China Securities International**
CITIC Securities	**CMB International**	**CMB Wing Lung Bank Limited**	**GF Securities (Hong Kong)**
Haitong Bank	**Haitong International**	**Huatai International**	**ICBC Singapore**
Luso Bank Ltd.	**SDIC Securities HK**	**Shenwan Hongyuan (H.K.)**	**Sinolink Securities (HK)**
Soochow Securities (Hong Kong)	**SPDB International**	**SunRiver International Securities Group Limited**	

Offering Circular dated 2 February 2026

IMPORTANT NOTICE

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

Each of the Issuer and the Guarantor, having made all reasonable inquiries, confirms that: (i) this Offering Circular (including any amendments and supplements thereto) and any other written material approved in writing by the Issuer and the Guarantor with respect to the proposed issue of Bonds and the giving of the Guarantee as at the respective dates of publication are in every material particular true and accurate and are not misleading in any material respect; (ii) there are no other facts in relation to the Issuer, the Guarantor and any of their respective subsidiaries the Bonds or the Guarantee, the omission of which would, in the context of the issue and offering of the Bonds, the giving of the Guarantee and the execution and delivery of the Subscription Agreement (as defined below), the Fiscal Agency Agreement (as defined in the Terms and Conditions), the Deed of Covenant and the Deed of Guarantee, make any statement in this Offering Circular or such other written material (when taken together with this Offering Circular) as at the respective dates of publication misleading in any material respect; (iii) all reasonable enquiries have been made to ascertain the facts and to verify the accuracy of all statements in this Offering Circular.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions is restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and CMBC Securities Company Limited, China Minsheng Banking Corp., Ltd. Hong Kong Branch, China Everbright Bank Co., Ltd., Hong Kong Branch, Hua Xia Bank Co., Limited Hong Kong Branch, Industrial Bank Co., Ltd. Hong Kong Branch, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, BOCOM International Securities Limited, China CITIC Bank International Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), CNCB (Hong Kong) Capital Limited, E.SUN Commercial Bank, Ltd. Hong Kong Branch, China Industrial Securities International Brokerage Limited, Orient Securities (Hong Kong) Limited, Guotai Junan Securities (Hong Kong) Limited, Standard Chartered Bank, Zhongtai International Securities Limited, ABCI Capital Limited, Bank of China Limited, BOCI Asia Limited, CCB International Capital Limited, CEB International Capital Corporation Limited, China Galaxy International

Securities (Hong Kong) Co., Limited, China International Capital Corporation Hong Kong Securities Limited, China Securities (International) Corporate Finance Company Limited, CLSA Limited, CMB International Capital Limited, CMB Wing Lung Bank Limited, GF Securities (Hong Kong) Brokerage Limited, Haitong Bank, Macau Branch, Haitong International Securities Company Limited, Huatai Financial Holdings (Hong Kong) Limited, Industrial and Commercial Bank of China Limited, Singapore Branch, Luso International Banking Limited, SDIC Securities (Hong Kong) Limited, Shenwan Hongyuan Securities (H.K.) Limited, Sinolink Securities (Hong Kong) Company Limited, Soochow Securities International Brokerage Limited, SPDB International Capital Limited and SunRiver International Securities Group Limited (together, the "**Joint Lead Managers**") to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the possession or distribution of this Offering Circular or any offering or publicity material relating to the Bonds in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain restrictions on offers, sales and resales of the Bonds and the distribution of this Offering Circular, see "*Subscription and Sale*". This Offering Circular does not constitute an offer of, or an invitation to purchase, any of the Bonds in any jurisdiction in which such offer or invitation would be unlawful. By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Offering Circular.

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

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

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

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

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

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

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

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

Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Guarantor or the Bonds. In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor, the Group and the terms of the offering of the Bonds, including the merits and risks involved. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds. Each of the Issuer, the Guarantor, the Joint Lead Managers and the Agents and each of their respective directors, officers, advisers, employees, agents, representatives, affiliates and each person who controls any of them are not making any representation to any purchaser of the Bonds regarding the legality of any investment in the Bonds by such purchaser under any legal investment or similar laws or regulations. The contents of this Offering Circular should not be construed as providing legal, business, accounting or investment advice. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers or the Agents or any of their respective directors, officers, advisers, employees, agents, representatives, affiliates or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision.

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although the Issuer and the Guarantor believe this information to be reliable, this information has not been independently verified by the Issuer, the Guarantor, the Joint Lead Managers or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives, advisers or any person who controls any of them, and none of the Issuer, the Guarantor, the Joint Lead Managers or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them makes any representation as to the accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. This Offering Circular summarises certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents.

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

Singapore Securities and Futures Act Product Classification — In connection with Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), the classification of the Bonds as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products.

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 this offering of the Bonds, including certain Joint Lead Managers, are "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 this offering and are subject to additional requirements under the SFC Code. 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 (an "**Association**") with the Issuer, the Guarantor, the CMI or the relevant group company. Prospective investors associated with the Issuer, the Guarantor or any CMI (including its group companies) should specifically disclose this when placing an order for the Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this 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 this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this 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). If a prospective investor is an asset management arm affiliated with any Joint Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Joint Lead Manager 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 this 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 Joint Lead Manager, 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 Joint Lead Manager 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 this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this 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 Joint Lead Managers 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 this offering. Failure to provide such information may result in that order being rejected.

PRESENTATION OF FINANCIAL INFORMATION

This Offering Circular contains the consolidated financial information of the Guarantor as at and for the years ended 31 December 2022, 2023 and 2024.

The consolidated financial information of the Guarantor as at and for the years ended 31 December 2022, 2023 and 2024 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**") and the audited consolidated financial statements of the Guarantor as at and for the year ended 31 December 2024 (the "**2024 Audited Financial Statements**", together with the 2023 Audited Financial Statements, the "**Audited Financial Statements**"), respectively. The Audited Financial Statements have been audited by PricewaterhouseCoopers ("**PwC**"), the former independent auditor of the Guarantor. The Audited Financial Statements, included elsewhere in this Offering Circular, were prepared and presented in accordance with the HKFRS Accounting Standards.

The Group has reclassified 2023 financial information as the comparative figures in the consolidated statement of financial position in the 2024 Audited Financial Statements relating to a stock call option from accruals and other payables to derivative financial instruments to align with the presentation as at 31 December 2024. In addition, the Group has restated certain 2023 financial information as the comparative figures in the 2024 Audited Financial Statements in relation to other cash flow information, accruals and other payables and financial risk management and fair value of financial instruments to correct a misclassification in 2023. As a result, the presentation of certain accounting items in the Group's consolidated financial statements as at and for the year ended 31 December 2022 extracted from the 2023 Audited Financial Statements may not be comparable to the Group's financial figures as at and for the years ended 31 December 2023 and 2024, which are extracted from the 2024 Audited Financial Statements. For details of such restatement and reclassification, please refer to "*Notes to the Consolidated Financial Statements — 2. Material accounting policies — (b) Basis of preparation of the consolidated financial statements*" of the 2024 Audited Financial Statements. Please also refer to "*Risk Factors — Risks Relating to the Group's Businesses — The Group faces risks related to changes in accounting standards, accounting estimates and historical accounting errors*" for further details.

"*Preface to Hong Kong Financial Reporting Standards*" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") sets out the relationship between HKFRS Accounting Standards and IFRS Accounting Standards. The Council of HKICPA (the "**Council**") has a policy to achieve convergence of HKFRS Accounting Standards with IFRS Accounting Standards. Each HKFRS Accounting Standards issued by the Council contains information about the extent of compliance with the equivalent IFRS Accounting Standards. Where the requirements of a HKFRS Accounting Standards and an IFRS Accounting Standards differ, the HKFRS Accounting Standards should be followed by entities reporting within the area of application of the HKFRS Accounting Standards. As at the date of this Offering Circular, there are no differences between HKFRS Accounting Standards and IFRS Accounting Standards which will impact the financial position and results of operations of the Group.

The following definitions apply throughout this document unless the context requires otherwise:

"AMAC"	Asset Management Association of China
"Board" or **"Board of Directors"**	the board of directors of the Guarantor
"Bondholders"	the holders of the Bonds
"CMBC"	China Minsheng Banking Corp. Ltd.
"CMBC Capital"	CMBC Capital Holdings Limited
"CMBCI"	CMBC International Holdings Limited
"CNY", **"RMB"** or **"Renminbi"**	the legal currency of the PRC
"FICC"	Fixed income instruments, currencies, and commodities
"Futures Exchange"	Hong Kong Futures Exchange Limited
"Greater China"	mainland China, Hong Kong, Macau and Taiwan
"Group"	CMBC International Holdings Limited 民生商銀國際控股有限公司 and its subsidiaries, and, if the context requires, including their predecessors
"HK$" or **"Hong Kong dollars"**	the legal currency of Hong Kong
"HKSE" or **"Hong Kong Stock Exchange"**	the Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"MOFCOM"	Ministry of Commerce of the PRC
"NAFMII"	National Association of Financial Market Institutional Investors
"NDRC"	National Development and Reform Commission of the PRC
"PBOC"	People's Bank of China, the central bank of the PRC

"PRC" .... the People's Republic of China, excluding, for purposes of this Offering Circular only, Taiwan, Hong Kong and the Macau Special Administrative Region

"PRC government"........................ the central government of the PRC and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them

"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

"QFLP".. Qualified Foreign Limited Partner

"SAC" .... Securities Association of China

"SAFE" .... State Administration of Foreign Exchange of the PRC or its competent local counterpart

"SASAC".. State-owned Assets Supervision and Administration Commission of the PRC

"SAT"... State Administration of Taxation of the PRC

"SFC"... The Hong Kong Securities and Futures Commission

"SFO"... Securities and Futures Ordinance

"SOE(s)" .... state-owned enterprises in China

"U.S.$" or **"U.S. dollars"** .... the legal currency of the United States

The Guarantor records and publishes its financial statements in Hong Kong dollars. Unless otherwise stated in this Offering Circular, all translations from Hong Kong dollars into U.S. dollars were made at the rate of HK$7.7677 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 31 December 2024. All such translations in this Offering Circular are provided solely for your convenience and no representation is made that the Renminbi amounts referred to herein have been, could have been or could be converted into U.S. dollars, or *vice versa*, at any particular rate, or at all.

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

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

In this Offering Circular, amounts may have been rounded up or down. References to information in billions of units are to the equivalent of a thousand million units.

FORWARD-LOOKING STATEMENTS

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

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

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

- the macroeconomic and political environment of the PRC and those jurisdictions in which the Group operates;
- capital market volatility and developments, inflation, interest rate and exchange rate fluctuations;
- changes in the regulatory framework in which the Group operates;
- the failure of third parties to provide their services or meet their obligations;
- unforeseen court, regulatory and arbitration developments;
- developments in the jurisdictions in which the Group operates, including regime change, expropriation, terrorist attacks and armed conflict;
- changes in tax, subsidy and other incentive frameworks in the jurisdictions in which the Group operates;
- changes in industry developments and trends;

- technological changes impacting the sectors in which the Group operates or the Group itself; and

- those other risks identified in the "*Risk Factors*" section of this Offering Circular.

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

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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" and the financial statements and the related notes thereto, before making an investment decision.

OVERVIEW

The Guarantor, CMBCI is a well-established capital market financial services provider incorporated in Hong Kong, serving as sole overseas offshore investment banking platform of its parent company, CMBC. CMBC is the first national joint stock commercial bank in the PRC primarily founded by non-state-owned enterprises and the only non-state-owned PRC joint stock commercial bank. Since its establishment in 1996, has grown significantly and, as at 30 June 2025, CMBC ranked fifth amongst the listed PRC joint stock commercial banks in terms of total assets, according to public disclosure of PRC joint stock commercial banks. The Guarantor was established by CMBC with the objectives of expanding overseas markets, advancing cross-border financial services, and deepening its internationalisation strategy, thereby achieving a global business layout. Particularly in Hong Kong, CMBCI aims to better support Chinese enterprises in their "Going Global" initiative as well as international clients in their "Investing in China" initiative. Meanwhile, the Guarantor is committed to integrating high-quality financial resources from both domestic and international markets to enhance the global competitiveness of CMBC.

CMBC is dual-listed on the Shanghai Stock Exchange (stock code: 600016.SH) and the Hong Kong Stock Exchange (stock code: 1988.HK) and provides comprehensive financial services through its 146 branch-level institutions (including 41 tier-one branches (excluding the Hong Kong Branch and the London Branch) and 105 tier-two branches (including the remote sub-branches)) and 2,416 business outlets of sub-branches (including 1,254 general sub-branches (including business departments), 1,020 community sub-branches and 142 micro and small business sub-branches) across 139 cities in mainland China as at 30 June 2025. In 2024, CMBC ranked 22nd in the "Top 1000 World Banks" released by The Banker, stood at No. 351 in the "Fortune Global 500" published by Fortune and ranked as "Top 100 Chinese Banks" by the China Banking Association. In 2025, CMBC was awarded "China's Best Implementation of Risk Data and Analytics Technology" and "China's Best Supply Chain Finance Implementation (Joint-Stock Commercial Bank)" by The Asian Banker, a globally authoritative institution, as well as "Golden Bull Award for Banks Supporting Sci-Tech Innovation" at the inaugural Sci-Tech Innovation and Industrial Innovation Conference hosted by China Securities Journal. CMBC's business scale and unique positioning gives itself a strategic importance in the banking system. CMBC has been recognised as a systemically important bank in China by the PBOC and NAFR since 2021.

The Guarantor aligns closely with CMBC Group's objectives and embraces the "One Minsheng" collaborative philosophy. With a mission to empower clients through expert knowledge and robust financial support, the Guarantor plays a pivotal role in expanding CMBC Group's service offerings, providing a full spectrum of investment banking services that cater to every stage of a company's growth. The Guarantor has built a comprehensive investment banking service system that covers the entire lifecycle of enterprises, forming a complete service loop spanning all stages of corporate capital operations. The Guarantor's innovative approach combines "Investment Banking + Investment + Asset Management" to deliver integrated capital solutions, ensuring sustainable growth and success.

The Group is part of the core strategy of CMBC's offshore business, capitalising on CMBC's extensive network and robust customer base in the PRC to underpin the Group's steady and comprehensive growth in the global market. In the ever-changing financial industry, the Group adjusted its strategies promptly to optimise the balance across all business segments, strengthen operational efficiency and risk governance, and maintain a prudent debt profile with ample liquidity. This enables the Group to provide global integrated financial services to institutional, corporate and retail customers spanning diverse sectors. The Group's well-established financial services platform provides a full spectrum of financial offerings covering securities, asset management, investment banking and finance advisory and investment and financing businesses. The Guarantor has been assigned "BBB-" long-term issuer default rating with a stable outlook by Fitch.

The Group is licensed to undertake comprehensive regulated activities in Hong Kong and has obtained the following licences from the SFC: Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management).

The Group provides a diverse range of financial services, which are categorised into the following principal business segments:

Business segments	Principal financial services
Investment banking and finance advisory service	The Group's investment banking and finance advisory service consists of listing sponsorship, equity underwriting, bond underwriting and financial advisory services.
Securities brokerage and margin financing	The Group's securities brokerage and margin financing business consists of brokerage services, margin financing services and wealth management-related business.

Business segments	Principal financial services
Asset management	The Group's asset management business consists of asset management, covering SFC authorised funds (commonly known as public funds), private funds, discretionary managed accounts and investment advisory services, and is committed to providing one-stop, multi-level asset management service solutions to clients based on their needs.
Investment and financing	The Group's investment and financing business consists of fixed-income direct investment, equity investment and structured finance. The Group's investment portfolio mainly includes listed stocks, bonds, unlisted equity and unlisted funds, covering a wide range of sectors including industrials, healthcare, technology, consumer goods, real estate and finance.

Throughout its development in Hong Kong, the Group has established prudent corporate governance and effective risk management and internal control systems to reduce its exposure to credit, liquidity, market and operation risks in the securities and financial services industry.

For the years ended 31 December 2022, 2023 and 2024, the Group's total revenue was HK$1,661.2 million, HK$1,133.7 million and HK$1,037.5 million, respectively. As at 31 December 2022, 2023 and 2024, the Group's total assets were HK$30,469.7 million, HK$20,233.6 million and HK$21,387.8 million, respectively, and the Group's net assets were HK$3,883.9 million, HK$3,102.7 million and HK$3,511.5 million, respectively.

RECENT DEVELOPMENT

Financial Information as at and for the Year Ended 31 December 2025

For the year ended 31 December 2025, as compared to the preceding year, the Group's fee and commission income increased, primarily driven by an increase in fee-based income from equities and bonds underwriting, asset management, IPO sponsorship services and wealth-management related businesses; the Group's impairment losses decreased, primarily attributable to the Group's restructuring of certain historical non-performing bonds and the recovery of a long-overdue margin financing receivable that had previously been fully provisioned. For the year ended 31 December 2025, as compared to net exchange losses in 2024, the Group recorded net exchange gains, primarily attributable to the Group's precise analysis of HKD/USD movements and proactive trading during the favourable mid-2025 window. As at 31 December 2025, compared to 31

December 2024, the Group's total assets increased, primarily attributable to the Group's business expansion; the Group's net assets also increased, primarily attributable to growth in total assets as well as sustained asset returns exceeding financing costs.

The consolidated financial information of the Group as at and for the year ended 31 December 2025 is derived from the Group's consolidated management accounts, which have not been subject to an audit by the Group's independent auditors and may be subject to further adjustments. Such financial information should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit. Such financial information as at and for the year ended 31 December 2025 should not be taken as an indication of its audited financial statements as at and for the year ended 31 December 2025. Potential investors must exercise caution when using such financial information to evaluate the Group's financial information and results of operations. None of the Joint Lead Managers or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them makes any representation or warranty, express or implied, regarding the accuracy of such consolidated financial information or its sufficiency for an assessment of. See "*Risk Factors — Risks Relating to the Group's Business and Industry — Investors should not place any reliance on the financial information which is unreviewed or unaudited and shall not place undue reliance on the discussion of material financial trends in relation to the Group's unaudited and unreviewed financial information*".

COMPETITIVE STRENGTHS

The Group believes that the following strengths have contributed to its success and differentiated itself from other competitors:

- Strong Support from and Synergistic Advantages with CMBC
- Diversified Licensed Platform and Integrated Service Capabilities
- Specialised Cross-border Service Capabilities
- Robust Risk Management Framework and Sound Corporate Governance
- Professional Management Team with Extensive Knowledge and Experience

BUSINESS STRATEGIES

Under the "One Minsheng" strategy, the Group executes CMBC Group's strategic goals with an emphasis on enhancing cross-border financial services. As a licensed institution in Hong Kong with an integrated investment banking platform, the Group is dedicated to developing licensed, fee-based businesses while maintaining a capital-efficient, light-asset operating model.

As part of CMBC's international expansion plan, the Group aims to maximise synergies within the Group's global network and capitalise on its Hong Kong operations to drive cross-border business collaboration. The Group is committed to providing comprehensive, one-stop financial solutions that cater to the diverse needs of CMBC's corporate and institutional clients across various markets. At the same time, the Group continues to enhance its corporate governance framework, strengthen risk management capabilities and actively explore strategic and emerging sectors such as green finance, sustainable bonds and digital transformation. Proactively aligning with global ESG initiatives and pursuing sustainable, high-quality growth, the Group aims to boost its long-term competitiveness and create lasting value for shareholders and investors.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE GUARANTOR

The following tables present the selected summary consolidated financial information of the Group. The summary consolidated financial information as at and for the years ended 31 December 2022, 2023 and 2024 set out below has been derived from and should be read in conjunction with the Audited Financial Statements, including the notes thereto and the auditor's reports, which are included in the F-pages of this Offering Circular. The Group has reclassified 2023 financial information as the comparative figures in the consolidated statement of financial position in the 2024 Audited Financial Statements relating to a stock call option from accruals and other payables to derivative financial instruments to align with the presentation as at 31 December 2024. In addition, the Group has restated certain 2023 financial information as the comparative figures in the 2024 Audited Financial Statements in relation to cash and cash equivalents and other cash flow information, accruals and other payables and financial risk management and fair value of financial instruments to correct a misclassification in 2023. As a result, the presentation of certain accounting items in the Group's consolidated financial statements as at and for the year ended 31 December 2022 extracted from the 2023 Audited Financial Statement may not be comparable to the Group's financial figures as at and for the years ended 31 December 2023 and 2024, which are extracted from the 2024 Audited Financial Statements. For details of such restatement and reclassification, please refer to "Notes to the Consolidated Financial Statements — 2. Material accounting policies — (b) Basis of preparation of the consolidated financial statements" of the 2024 Audited Financial Statements. Please also refer to "Risk Factors — Risks Relating to the Group's Businesses — The Group faces risks related to changes in accounting standards, accounting estimates and historical accounting errors" for further details.

The Audited Financial Statements have been audited by PwC. The Audited Financial Statements have been prepared and presented in accordance with HKFRS Accounting Standards as issued by the HKICPA. None of the Joint Lead Managers or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them has independently verified any of the information contained therein or can give assurance that such information is accurate, truthful or complete. Historical results are not necessarily indicative of results that may be achieved in any future period.

The summary consolidated financial information below is not necessarily indicative of the results of future operations.

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December			
	2022	2023	2024	2024
	(HK$)	*(HK$)* (restated)	*(HK$)*	*(U.S.$)* (unaudited)
Non-current assets				
Property, plant and equipment	4,966,258	5,831,655	5,769,425	742,746
Right-of-use asset	75,228,126	56,020,945	53,510,445	6,888,840
Intangible assets	960,000	960,000	960,000	123,589
Goodwill	229,812,059	229,812,059	229,812,059	29,585,599
Financial assets at fair value through profit or loss	6,935,356	6,944,156	—	—
Financial assets at amortised cost	7,759,812	511,765,148	148,211,647	19,080,506
Financial assets at fair value through other comprehensive income	561,665,570	486,588,334	673,684,458	86,728,949
Loans and receivables	216,205,301	485,178,959	856,229,668	110,229,498
Other non-current assets	13,416,010	19,524,444	11,080,559	1,426,492
Deferred tax assets	32,651,535	32,650,970	32,650,970	4,203,428
Total non-current assets	**1,149,600,027**	**1,835,276,670**	**2,011,909,231**	**259,009,647**
Current assets				
Financial assets at fair value through profit or loss	7,099,739,815	6,869,593,591	8,962,546,466	1,153,822,427
Financial assets at fair value through other comprehensive income	17,678,161,807	9,252,158,510	6,929,350,638	892,072,382
Financial assets at amortised cost	—	—	334,993,804	43,126,512
Loans and receivables	690,532,446	245,421,531	560,177,841	72,116,307
Derivative financial instruments	—	—	37,324,434	4,805,082
Accounts receivables	129,735,321	85,960,444	717,988,307	92,432,549
Interest receivables	407,944,381	264,091,042	333,699,611	42,959,899
Tax recoverable	19,576,818	11,396,729	—	—
Other current assets	223,865,129	342,251,786	484,375,049	62,357,590
Cash held on behalf of customers	223,727,998	254,015,728	211,320,805	27,205,068
Cash and cash equivalents	2,846,862,986	1,073,396,018	804,156,517	103,525,692
Total current assets	**29,320,146,701**	**18,398,285,379**	**19,375,933,472**	**2,494,423,507**

	As at 31 December			
	2022	**2023**	**2024**	**2024**
	(HK$)	*(HK$)* (restated)	*(HK$)*	*(U.S.$)* (unaudited)
Current liabilities				
Financial liabilities at fair value through profit or loss	309,142,699	30,800,291	42,058,009	5,414,474
Derivative financial instruments	—	89,381,841	89,216	11,486
Accounts payable	169,397,164	233,097,958	266,238,954	34,275,133
Lease liabilities	20,800,800	19,182,960	30,936,884	3,982,760
Accruals and other payables	416,821,735	518,309,704	350,473,312	45,119,316
Bank loans	13,316,376,000	8,543,427,540	9,370,465,820	1,206,337,245
Financial assets sold under repurchase agreements	12,217,104,032	7,612,406,352	7,721,430,538	994,043,351
Tax payables	12,541,285	—	22,326,950	2,874,332
Total current liabilities	**26,462,183,715**	**17,046,606,646**	**17,804,019,683**	**2,292,058,097**
Net current assets	**2,857,962,986**	**1,351,678,733**	**1,571,913,789**	**202,365,409**
Non-current liabilities				
Lease liabilities	57,958,748	39,445,028	25,100,398	3,231,381
Deferred tax liabilities	65,687,299	44,794,764	47,258,015	6,083,914
Total non-current liabilities	**123,646,047**	**84,239,792**	**72,358,413**	**9,315,294**
Net assets	**3,883,916,966**	**3,102,715,611**	**3,511,464,607**	**452,059,761**
Capital and reserves				
Share capital	4,207,300,000	4,207,300,000	4,207,300,000	541,640,383
Reserves	(949,999,649)	(1,620,782,036)	(1,257,407,590)	(161,876,436)
Total equity attributable to equity shareholders of the company	**3,257,300,351**	**2,586,517,964**	**2,949,892,410**	**379,763,947**
Non-controlling interests	626,616,615	516,197,647	561,572,197	72,295,814
Total equity	**3,883,916,966**	**3,102,715,611**	**3,511,464,607**	**452,059,761**

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December			
	2022	2023	2024	2024
	(HK$)	*(HK$)*	*(HK$)*	*(U.S.$)* (unaudited)
Revenue				
Interest income	939,156,181	798,394,665	752,774,644	96,910,880
Fee and commission income	55,855,474	79,254,119	98,904,424	12,732,781
Dividend income	666,177,322	256,090,908	185,788,757	23,918,117
Total revenue	**1,661,188,977**	**1,133,739,692**	**1,037,467,825**	**133,561,778**
Net gains/(losses) from financial assets/liabilities at fair value through profit or loss	(714,801,739)	(250,739,019)	41,770,983	5,377,523
Net gains from derivative financial instruments	—	—	158,694,706	20,430,077
Net gains/(losses) from financial assets at fair value through other comprehensive income	(60,617,970)	(167,409,220)	70,767,305	9,110,458
Net gains from financial assets at amortised cost	188,771	—	12,833,440	1,652,154
Other net losses	(102,408,692)	(40,032,253)	(24,870,702)	(3,201,810)
Impairment losses	(952,359,833)	(485,225,159)	(23,121,315)	(2,976,597)
Operating expenses				
Staff costs	(139,743,761)	(119,015,862)	(150,326,085)	(19,352,715)
Other operating expenses	(112,650,606)	(110,865,288)	(117,639,881)	(15,144,751)
Total operating expenses	**(252,394,367)**	**(229,881,150)**	**(267,965,966)**	**(34,497,466)**
(Loss)/Profit from operations	**(421,204,853)**	**(39,547,109)**	**1,005,576,276**	**129,456,116**
Finance costs	(775,017,309)	(1,023,128,167)	(914,605,763)	(117,744,733)
(Loss)/Profit before taxation	**(1,196,222,162)**	**(1,062,675,276)**	**90,970,513**	**11,711,383**
Income tax expense	(3,591,325)	(346,869)	(40,529,387)	(5,217,682)
(Loss)/Profit for the year	**(1,199,813,487)**	**(1,063,022,145)**	**50,441,126**	**6,493,702**
Attributable to:				
Equity shareholders of the parent company	(1,041,697,834)	(892,710,918)	33,786,761	4,349,648
Non-controlling interests	(158,115,653)	(170,311,227)	16,654,365	2,144,054
Profit/(loss) for the year	**(1,199,813,487)**	**(1,063,022,145)**	**50,441,126**	**6,493,702**

	For the year ended 31 December			
	2022	2023	2024	2024
	(HK$)	*(HK$)*	*(HK$)*	*(U.S.$)* (unaudited)
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss:				
Financial assets at fair value through other comprehensive income — net movement in fair value reserve (recycling)				
— fair value changes	(1,300,989,407)	(98,181,160)	99,201,457	12,771,021
— fair value changes transferred to profit or loss	252,940,295	132,355,909	145,208,060	18,693,830
— Impact of changes in impairment losses	653,464,611	285,656,337	(141,059,660)	(18,159,772)
Items that will not be reclassified to profit or loss:				
Financial assets at fair value through other comprehensive income — net movement in fair value reserve (non-recycling)				
— fair value changes	(683,230,488)	(31,098,403)	301,759,641	38,848,004
— fair value changes transferred to retained earnings, net	(3,424,534)	(225,904)	717,881	92,419
— exchange differences	28,477,645	14,865,788	(10,227,044)	(1,316,612)
	(1,052,761,878)	**303,372,567**	**395,600,335**	**50,928,890**
Exchange differences on translation of foreign operations	(58,384,011)	(12,306,557)	(34,640,785)	(4,459,594)
Other comprehensive income for the year	**(1,111,145,889)**	**291,066,010**	**360,959,550**	**46,469,296**
Total comprehensive income/(loss) for the year	**(2,310,959,376)**	**(771,956,135)**	**411,400,676**	**52,962,998**
Attributable to:				
Equity shareholders of the parent company	(1,993,604,216)	(664,509,070)	365,190,749	47,014,013
Non-controlling interests	(317,355,160)	(107,447,065)	46,209,927	5,948,985

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended 31 December			
	2022	**2023**	**2024**	**2024**
	(HK$)	*(HK$)*	*(HK$)*	*(U.S.$)* (unaudited)
Net cash (used in)/generated from operating activities	(20,486,118)	3,043,032,998	(1,162,656,820)	(149,678,389)
Net cash used in investing activity	(2,811,589)	(4,320,930)	(2,238,924)	(288,235)
Net cash generated from/(used in) financing activities	684,128,920	(4,843,381,542)	862,328,397	111,014,637
Net increase/(decrease) in cash and cash equivalents	**660,831,213**	**(1,804,669,474)**	**(302,567,347)**	**(38,951,987)**
Cash and cash equivalents at 1 January	**2,189,662,017**	**2,846,862,986**	**1,073,396,018**	**138,187,110**
Effect of foreign exchange rate changes	(3,630,244)	31,202,506	33,327,846	4,290,568
Cash and cash equivalents at 31 December	**2,846,862,986**	**1,073,396,018**	**804,156,517**	**103,525,691**

SUMMARY OF THE OFFERING

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

Issuer	CMBC International Funding (HK) Limited 民銀國際融資(香港)有限公司.
Legal Entity Identifier	8368006PQQLW21FDD876.
Guarantor	CMBC International Holdings Limited 民生商銀國際控股有限公司.
Guarantee	The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds pursuant to the Deed of Guarantee.
Issue	U.S.$300,000,000 aggregate principal amount of floating rate guaranteed bonds due 2029.
Issue Price	100.00 per cent.
Form and Denomination	The Bonds will be issued in registered form in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Interest	The Bonds will bear interest on their outstanding principal amount from and including the Issue Date at the rate which is equal to Compounded SOFR Index (as defined in the Terms and Conditions) plus 0.60 per cent. per annum, payable semi-annually in arrear on 6 February and 6 August in each year (each, an "**Interest Payment Date**") subject to adjustment in accordance with the Terms and Conditions.
Issue Date	6 February 2026.

Maturity Date	The Interest Payment Date falling on, or nearest to, 6 February 2029.
Status of the Bonds	The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 4(b) of the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable laws and regulations and subject to Condition 4(b) of the Terms and Conditions, at all times rank at least *pari passu* with all its other present and future unsecured and unsubordinated obligations.
Status of the Guarantee	The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds. Its obligations in that respect will be contained in the Deed of Guarantee. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by mandatory provisions of applicable laws and regulations and subject to Condition 4(b) of the Terms and Conditions, at all times rank at least *pari passu* with all its other present and future unsecured and unsubordinated obligations.
Events of Default	The Bonds will contain certain events of default provisions as further described in Condition 9 of the Terms and Conditions.
Taxation	All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without set-off or counterclaim 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 Hong Kong or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

	In such event, the Issuer (or the Guarantor, as the case may be) shall pay such additional amounts (the "**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond (or the Guarantee, as the case may be) in the circumstances as further described in Condition 8 of the Terms and Conditions.
Final Redemption	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.
Redemption for Taxation Reasons	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 14 of the Terms and Conditions (which such notice shall be irrevocable) and in writing to the Fiscal Agent, at their principal amount together with interest accrued to but excluding the date fixed for redemption, if (i) the Issuer and/or the Guarantor (as the case may be) has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 of the Terms and Conditions as a result of any change in, or amendment to, laws or regulations of Hong Kong or 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 2 February 2026, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, as further described in Condition 6(b) of the Terms and Conditions.

Redemption for a Change of Control Event	At any time following the occurrence of a Change of Control Event, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Bonds on the Put Settlement Date at a redemption price equal to 101 per cent. of their principal amount, together with interest accrued to but excluding such Put Settlement Date, as further described in Condition 6(c) of the Terms and Conditions.
Clearing Systems	The Bonds will be issued in registered form and represented initially by the Global Certificate, which will be registered in the name of a nominee of, and deposited with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, definitive certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.
Clearance and Settlement	The Bonds have been accepted for clearance by Euroclear and Clearstream under the International Securities Identification Number ("**ISIN**") of XS3285551316. The Common Code of the Bonds is 328555131.
Governing Law	English law.
Jurisdiction	Exclusive jurisdiction of Hong Kong courts.
Rating	The Bonds are expected to be rated "BBB-" by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Such rating should be evaluated independently of any other rating of the other securities of the Issuer or of the Guarantor.
Fiscal Agent and Paying Agent . .	China CITIC Bank International Limited.
Transfer Agent	China CITIC Bank International Limited.

Calculation Agent	China CITIC Bank International Limited.
Registrar	China CITIC Bank International Limited.
Listing	Application will be made to the Hong Kong Stock Exchange for the listing of and permission to deal in the Bonds by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 9 February 2026.
Further Issues	The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing for compliance with the requirements set out in the Terms and Conditions in relation to the NDRC Post-issue Filing and for making the subsequent notifications to the Fiscal Agent and the Bondholders) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds.
Use of Proceeds	See "*Use of Proceeds*".
Risk Factors	For a discussion of certain risk factors that should be considered in evaluating an investment in the Bonds, see "*Risk Factors*".
Selling Restrictions	The Bonds have not been and will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. Subject to certain exceptions, the Bonds may not be offered or sold within the United States. The Bonds are being offered only outside the United States in reliance on Regulation S of the Securities Act. See "*Subscription and Sale*".

Prior to making an investment decision, prospective investors should carefully consider the following risk factors, along with the other matters set out in this Offering Circular. PRC laws and regulations may differ from the laws and regulations in other countries. Additional risks not described below or not currently known to the Group, or that it currently deems immaterial, may also adversely affect the Group's business, financial condition or results of operations or the value of the Bonds. The Group believes that the risk factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Group to pay interest, principal or other amounts on, or in connection with, any Bonds may occur for reasons which may not be considered as significant risks by the Group based on information currently available to it or which it may not currently be able to anticipate. Additional risks and uncertainties not presently known to the Group, or which it currently deems immaterial, may also have an adverse effect on an investment in the Bonds. All of these factors are contingencies which may or may not occur, and the Group is not in a position to express a view on the likelihood of any such contingency occurring.

The Group does not represent that the statements below regarding the risk factors of holding any Bonds are exhaustive. Prospective 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.

This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Offering Circular.

RISKS RELATING TO THE GROUP'S BUSINESS AND INDUSTRY

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

The Group's business, financial condition, results of operations, prospects and ability to access liquidity may be impacted by macroeconomic and political risks. In particular, the Group's business is highly dependent on economic and market conditions in the PRC and Hong Kong, which in turn may be affected by global market conditions.

According to the National Statistics Bureau of the PRC, for the years ended 31 December 2022, 2023 and 2024, China's GDP growth rate was 3.0 per cent. and 5.2 per cent. and 5.0 per cent., respectively. In December 2023, Moody's changed its outlook on China's long-term foreign-currency issuer default rating to "negative" from "stable", reflecting Moody's expectation that economy-wide debt in the PRC will continue to rise as potential growth slows. Further, in April 2025, Fitch downgraded the long-term foreign-currency issuer default rating of the PRC to

"A (Stable)" from "A+ (Negative)", reflecting Fitch's expectations of a continued weakening of the PRC's public finances and a rapidly rising public debt trajectory during the country's economic transition. As a result, each of Moody's and Fitch has changed their respective rating outcomes on a number of PRC issuers, including but not limited to government-owned corporate entities and subsidiaries. There can be no assurance that similarly adverse ratings developments may not occur in the future. If any further adverse ratings developments occur, the Group's corporate ratings could be adversely affected. Furthermore, the sustained tension between the United States and China over trade policies could undermine the stability of the global economy. The United States and China have been involved in disputes over trade barriers that have escalated into a trade war between the two countries. In particular, the latest escalating trade dispute in 2025 between the United States and other major economies, including China, could result in significant adverse impacts, including a slowdown in global economic growth, higher inflation, reduced trade flows and business investment, and downside risks for equity, bond, and commodity prices.

In addition, on 31 January 2020, the United Kingdom officially exited the EU (such exit by the United Kingdom from the EU membership, "**Brexit**") following a UK-EU Withdrawal Agreement signed in October 2019. In December 2020, the United Kingdom, the European Union and the European Atomic Energy Community concluded the EU-UK Trade and Cooperation Agreement, which is provisionally applicable since 1 January 2021 and awaits ratification by the European Parliament and the Council of the EU and legal revision before it formally comes into effect. Given the lack of precedent, it is unclear how Brexit would affect the fiscal, monetary and regulatory landscape within the UK, the EU and globally. This event has resulted in a downgrade of the credit ratings of the United Kingdom and the uncertainty before, during and after the period of negotiation may also create a negative economic impact and increase volatility in global markets. Moreover, there are ongoing concerns about European sovereign debt levels, negative interest rate and the consequences for economic growth and investor confidence in the Eurozone, political gridlock in the United States over government spending, debt levels and civil rights issues and the consequences for economic growth and investor confidence in the United States, and the uncertainty around the Federal Reserve's future monetary policies. All these would add to the uncertainties relating to the overall prospects for the global and the PRC economies, which may have a material adverse impact to the Group's business, prospects, financial conditions and results of operations.

Since February 2022, Russia started military actions in Ukraine. Many countries imposed economic sanctions against Russia, Russia-related corporations and individuals. The on-going war has caused turmoil to global financial and commodities market, especially in the U.S., EU and the UK, where some of the countries have experienced shortage in energy and commodities supply, significant inflation which those governments are introducing methods to control. The external sanctions environment remains dynamic, and sanctions regimes are increasingly complex and less predictable. In particular, extensive financial, trade, transport, and immigration sanctions have been imposed by the UK, the EU and the U.S., among others, against Russian individuals and companies in light of the Russia Ukraine geopolitical conflicts. Increasing tension between the

U.S. and the PRC may further contribute to the dynamism of the sanctions environment. The sanctions regimes put in place since the Russia-Ukraine geopolitical conflicts have led to rising prices of energy, food and other commodities, and have led to higher level of inflation globally. As a result, the aggravated geopolitical tension brings uncertainty to the global economy as well as significant volatilities in the global financial market. Meanwhile, the long-standing Indian-Pakistani tensions, the persistent Israeli-Palestinian conflict with the ongoing conflict in Gaza and increased tensions in the Middle East, could escalate into broader conflicts in relevant regions. In addition, the impact of climate risks due to global warming such as extreme weather events may also result in significant adverse consequences to the global economy and financial stability.

Any further significant falls or increased volatility and instability may further impact global capital markets, potentially making it more difficult for the Group to access financing or impacting the Group's clients' interest in products and services, as well as the health of their businesses generally.

Volatility in the capital markets in the United States, Europe, Japan, the PRC, Hong Kong and other jurisdictions in recent years has had a corresponding effect on Asian financial markets and may continue to do so in the future. Unfavourable financial or economic conditions, such as those caused in recent years by the global financial and economic crisis, including the European debt crisis, Brexit, the trade war between China and the United States, the military conflict between Russia and Ukraine, the Indian-Pakistani tensions, the Israeli-Palestinian conflict and volatility in the United States and PRC stock markets, have adversely affected investor confidence. Weakening investor confidence has resulted and could continue to result in significant declines in the number and size of transactions in which the Group participates and/or invests. Any decline in the number of capital markets and other transactions in the PRC and Hong Kong due to unfavourable financial or economic conditions may adversely affect the Group's business. Similarly, market volatility and adverse financial or economic conditions may also adversely affect the Group's business.

For example, in the case of the Group's asset management and investment banking and finance advisory services business, such conditions tend to reduce the value of the Group's clients' portfolios, discourage investor confidence and reduce investing activities, making it more difficult for the Group to maintain existing clients and attract new clients. Likewise, the market volatility may result in price fluctuations and a decline in trading volumes, which in turn may adversely affect the Group's revenue. Similarly, the value of the Group's investments in bond and equity instruments may be affected by volatility in the capital markets, thereby adversely impacting the Group's results of operations and profitability.

The Group's business, financial position and operating results, as well as its future prospects, could be materially and adversely affected in the event of any downturn in the global or regional capital markets. A reduction in the Group's revenue or a loss resulting from its asset management and investment banking and finance advisory businesses could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group operates in the highly competitive financial services industry.

The financial services industry in Asia, and in particular the PRC and Hong Kong, houses a large number of participants and is highly competitive. For instance, as at 31 December 2024, the total number of Exchange Participants (as defined in the SFO) on the Hong Kong Stock Exchange was 519. There were 1,463, 319, 2,002, 292 and 2,212 corporations licensed to carry on Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities under the SFO, respectively, according to market and industry statistics published on the website of the SFC as at 31 December 2024.

The Group, through its subsidiaries which are licensed corporations in Hong Kong, is currently engaged in Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities. The industry has a low entry barrier as new participants are able to enter as long as they have engaged professionals with the appropriate skills and have obtained the requisite licences and permits to engage in the various types of activities regulated under the SFO.

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

There can be no assurance that the Group can compete effectively against its current and future competitors or maintain its competitive strengths even if it can respond rapidly to the changing business environment and/or capture new market opportunities. Competitive forces in the market may alter the industry landscape such that the Group's business objectives would become impractical and/or impossible. The Group's inability to remain competitive could lead to a reduction in its market share (as its clients are not bound to use its services and can freely switch to other service providers and/or decrease their use of its services), and any intensification of competition in terms of pricing may lead to reduced profit margins. Under those circumstances, the Group's operating performance, financial results and prospects may be materially and adversely affected.

The Group faces various risks associated with its investment banking and finance advisory services business.

The Group is exposed to transaction-specific execution risks for each securities offering it underwrites or places and for each M&A transaction that it advises. The Group generally receives payment of underwriting and placement commissions or advisory fees after it successfully completes a transaction. If a project is not completed as scheduled or at all for any reason, including weak investor interest or a failure to receive the relevant listing or regulatory approval, the Group may not receive payment for its advisory and corporate financing services in a timely manner, or at all, which may materially and adversely affect its business, financial condition, results of operations and prospects. Due to the exposure of this business line to what can be volatile markets and regulatory changes (particularly in the PRC and Hong Kong), revenue from this part of the business is likely to be unpredictable and unstable. Markets may be subject to long periods of downturn and transaction sizes may be lower on an individual or overall value basis due to local or global economic conditions, the prevailing interest rate environment, overall investor sentiment and more stringent regulatory developments, and during such periods, the Group is unlikely to be able to draw significant revenue from this business segment, revenue being dependent on successful transaction execution.

The performance of the Group's underwriting activities may severely deteriorate during periods of sluggish and volatile market conditions when the securities underwritten by the Group are undersubscribed and the Group and other underwriters/sub-underwriters are required to take up unsubscribed securities. If the Group fails to sell the securities it underwrites, it will suffer reputational damage, as well as incur expenditure to purchase and hold the underwritten securities, thereby materially and adversely affecting its business, financial condition, results of operations and prospects.

In addition, companies that wish to list their securities in Hong Kong require a sponsor to assist with their listing application. Members of the Group, acting in the capacity of a sponsor in certain projects, would be required to fulfil certain due diligence and disclosure requirements in connection with each project they sponsor and would be subject to regulatory sanction, civil and criminal liability in relation to its role as sponsor and the disclosure provided to investors if any relevant or applicable regulations are breached.

Furthermore, the SFC has imposed heightened scrutiny on sponsor activities in connection with Hong Kong IPOs and levied hefty fines and imposed penalties on sponsors that violated relevant laws, regulations and rules of conduct. The increasingly stringent regulatory requirement has increased liability for IPO sponsors. There could be even more stringent regulatory requirements in the future. A failure to satisfy these requirements could subject the Group to fines and other administrative or regulatory penalties, including suspension of its licences, or even criminal liability, which may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's asset management business is subject to macroeconomic, strategic, financial, operational and political risks.

The Group's revenue from its asset management business consists of management fees and performance fees, which are based on the amount and value of its assets under management. General market or macroeconomic volatility may result in a decrease of the unrealised gains of investment assets and/or reduction in dividend income, which in turn may have a material adverse effect on the Group's financial condition and results of operations given the revenue contribution from the asset management business. In the event of a severe downturn in the economy, the asset quality of the Group's portfolio may further deteriorate materially.

In particular, the Group's asset management business is subject to investment, liquidity, and market risks. Currently, the Group provides asset management services to its clients, covering public funds, private funds, discretionary managed accounts and investment advisory services, and is committed to providing one-stop, multi-level asset management service solutions to clients based on their needs both within and outside PRC. As such, market conditions and other factors beyond the control of the Group can adversely affect the Group's asset management business, results of operation and financial condition.

Consequently, investment performance affects the amount of the assets under the Group's management and is one of the most important factors in retaining clients and competing for new asset management business. Poor investment performance could adversely affect the Group's revenue and business growth because:

- existing clients might withdraw funds from the Group's asset management business in favour of better performing products provided by its competitors, which would result in a decrease in asset under management ("**AUM**") and reduction of management fees for the Group;

- clients may require the Group to reduce its fees for asset management services, particularly in an intensely competitive industry; and

- the Group's performance fees (if any), which are based on a percentage of investment returns, could decline.

There can be no assurance that the Group will be able to keep or increase the assets under the Group's management. To the extent the Group may fail to keep or increase the assets under its management due to increasing competition from insurance companies, trust companies, banks and other competitors, its business, financial condition, results of operations and prospects would be adversely affected.

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

The Group's key market is geographically in Hong Kong and the mainland China region, where the Group is primarily based. For example, some of the Group's key target clients are enterprises and financial institutions with local Hong Kong and mainland Chinese connections. Accordingly, any general deterioration in the economic conditions in Hong Kong and the PRC could adversely affect the Group's financial condition and results of operations.

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

Fluctuations in stock markets could affect the Group's financial assets as well as its clients' appetite for its products and services.

Fluctuations in stock markets could affect the Group's investments and financial assets and the level of client interest in certain of its products and services. There has been significant volatility in PRC stock markets in the past, and this volatility has impacted global markets, and in particular the Hong Kong stock market, due to its increasing financial reliance upon the PRC. In early 2020, due to the novel coronavirus pneumonia ("**COVID-19**") pandemic, the PRC stock market experienced significant drop. Although it has since recovered, the PRC stock market remains volatile. The Hang Seng Index has also become volatile and unstable since early February 2018, following multiple interest hikes by the U.S. government, currency depreciations of emerging markets, escalated China-U.S. trade friction and COVID-19 pandemic. Any further significant falls or increased volatility and instability may further impact global capital markets, potentially making it more difficult for the Group to access financing or impacting the Group's clients' interest in products and services, as well as their businesses generally. The market volatility may also negatively affect PRC consumer confidence and have an adverse impact on the wider PRC and Hong Kong economies.

Poor market conditions could affect the value of the Group's investment or financial assets while favourable market conditions may not be sustainable. Lack of liquidity or price volatility could reduce the value of the financial assets that the Group invests in or manages which, in turn, may have a material adverse effect on its business, growth prospects, net inflows of AUM, fee income, results of operations and/or financial condition.

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

Revenue from the Group's brokerage services is primarily derived from the commissions the Group charges its clients for their trading activities. Accordingly, revenue from the Group's brokerage service depends significantly on trading volume. Trading volume is influenced by market conditions in Hong Kong, the PRC and major overseas financial markets, which may be adversely affected by events including the outbreak of contagious disease, debt crisis, the significant volatility in the stock market and the trade wars between countries. In addition, the Group's brokerage service could also be adversely affected by a reduction in agency and brokerage commission rates as a result of increased competition in the Hong Kong securities brokerage markets.

The expansion of, and changes to, the Group's business, product and service range exposes it to various risks, and the Group may not succeed in such efforts.

The Group may seek to introduce new product or service groups, pricing and credit assessment analysis methods and uses of data in order to retain existing customers whose needs have evolved, and to attract new customers for whom the existing product offering is unattractive or ineffective and/or for whom more competitive pricing and/or more sophisticated underwriting processes are required.

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

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

In addition, the Group may pursue acquisitions or joint ventures in the course of its business expansion. Failure to integrate the acquired entities in a cost-efficient manner or disagreements between the Group and the joint venture partners and other entities, or their inability or unwillingness to continue their arrangements with the Group due to financial difficulties or other reasons, may frustrate the Group's expansion plans, materially increase the costs associated with such expansion plans or divert the management's attention from other areas of the Group's operation.

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

As a wholly-owned subsidiary of CMBC, a substantial portion of the Guarantor's business development relies on support from, and relationships with, CMBC.

The Guarantor is a wholly-owned subsidiary of CMBC (together with its subsidiaries, "**CMBC Group**"). A substantial proportion of the Group's business opportunities originates from taking advantage of the network and financial support of CMBC Group. CMBC Group supports the Group's development in various ways, in particular, through capital injections and intra-group lending. Whilst the Group conducts business with a variety of clients across its markets and plans to continue to diversify its client base across its business lines, in some areas its business is based on the relationships it has built through clients and resources shared by CMBC Group and collaborating with CMBC Group. In the event that CMBC Group changes its strategy or provides less support to the Group, this could impact the Group's relationship with its clients and have a material adverse effect on the Group's business, results of operations and financial condition.

The Group operates independently but within the boundaries and limits set by CMBC in respect of the systems, operations, governance and strategy. This may restrict or delay the Group's independent business management or strategic implementation, which may adversely affect its financial performance and operation. CMBC also exerts, and is expected to continue to exert, influence over the risk control, management and human resources functions of the Group, including the appointment and removal of the board of directors of the Group. Accordingly, CMBC has, and will have, significant control over the management and overall operation of the Group, and any decisions it makes will have regard to various factors, including the overall interests of CMBC.

The Group may be indirectly affected by any damage to reputation or brand, including as a result of negative publicity, with respect to CMBC Group.

The Group's operations across its principal business lines rely on customer confidence in the Group and CMBC Group, as well as the strength of their shared brand and reputation, which are essential to business success. This makes the Group vulnerable to negative publicity and market perceptions that may be difficult or impossible for it to control.

Brand or reputation can be negatively impacted by a large number of events both within and beyond the Group's control, including failure in IT or data breach, an adverse claim, even frivolous and vexatious, made against a member of CMBC Group, whether successful or not, and perceived deteriorations in financial strength, regulatory sanctions or incidents of fraud. In addition, customers or potential customers may not be able to identify scam websites that plagiarise the CMBC name but are actually run by scammers unrelated to CMBC Group, and if customers suffer losses because of such scam websites, they may nonetheless attribute their losses to CMBC Group and lead to damage of the CMBC brand. If its reputation or brand is damaged, the Group could lose existing customers, find it difficult to cultivate new businesses and face more stringent regulatory oversight. Each of these may have an adverse effect on the Group's business, financial condition, results of operations and prospects.

Neither the Guarantor's nor the Issuer's shares are listed, and as such neither the Guarantor nor the Issuer is subject to the continuous disclosure requirements that a listed company would be.

Neither the Guarantor nor the Issuer is currently listed on any stock exchange therefore they are not subject to requirements to produce and maintain public information relating to their respective business or to publicly publish financial information or other information that would be required if they did have an equity listing in Hong Kong or elsewhere. Whilst requirements will be imposed on the Issuer and the Guarantor relating to disclosure of financial information, the disclosure of interests of shareholders and directors in shares and debentures and other information material to investors for issues of listed Bonds, these requirements are not as stringent as those which would apply to a primary or secondary equity listing. The Issuer and the Guarantor are also not subject to, and will not become subject to, by virtue of issuing listed Bonds, the requirements that apply to companies with a primary or secondary equity listing in Hong Kong or elsewhere, including corporate governance standards, restrictions on directors' dealings in securities, controls on connected party transactions, requirements for notification and, in some cases, approval of major acquisitions and disposals, conditions on further debt and equity issuance and certain other ongoing disclosure requirements. In addition, there is limited historical information available in relation to certain of the Group's business. Accordingly, investors should exercise caution in reviewing the historical financial information presented to them and implying or extrapolating trends based thereon.

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

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

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

The Group operates and is expanding its business in both Hong Kong and cross-border markets. This will increasingly expose the Group to the credit risk of its trade and financial counterparties normally associated with cross-border business transactions and activities, including those relating to delayed payments from customers or difficulties in the collection of receivables. There is no assurance that, even with the Group's experienced finance and accounting team, a customer will settle outstanding invoices on time. Failure to collect receivables could adversely affect the Group's cash flow and financial position.

Interest rate fluctuations may adversely affect the Group's businesses.

The Group's business performance is affected by fluctuations in interest rates which could adversely affect financial market conditions. For example, a decrease in interest rates, although decreases the Group's costs of funds, may also limit the Group's interest income, impact the value of its fixed-income direct investment and affect its financial results. Interest rates volatility may also affect stock market performance and general market sentiment, indirectly adversely impacting the Group's business performance.

The Group derives a substantial portion of its revenue from investment and financing business and any material adverse change in the market conditions affecting the investment and financing business could have a material adverse impact on the Group's business, financial condition and results of operations.

For the years ended 31 December 2022, 2023 and 2024, revenue derived from the Group's investment and financing business[1] accounted for 94.5 per cent., 88.0 per cent. and 87.9 per cent., respectively, of its total revenue. The Group's investment and financing business is affected by the performance of the financial markets in Hong Kong, mainland China and other overseas financial markets, which may be in turn affected by factors beyond the Group's control including economic conditions, investment sentiment, competition landscape and fluctuations in interest rates. Any material adverse change in the performance of the Group's investment and financing business may have a material and adverse impact on its overall business, financial condition and results of operations.

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

The Group's profit level varies from year-to-year and has fluctuated in recent years. The Group may not achieve, sustain or return to past levels of profitability in the future. Due to fluctuation in the financial markets, the impact of the COVID-19 pandemic, market risk and credit risk exposure, the Group incurred a net loss of HK$1,199.8 million and HK$1,063.0 million, respectively, for the years ended 31 December 2022 and 2023. For the year ended 31 December 2024, the Group recorded a net profit of HK$50.4 million. For the year ended 31 December 2022, 2023 and 2024, the Group recorded a total revenue of HK$1,661.2 million, HK$1,133.7 million and HK$1,037.5 million, respectively. Should factors such as fluctuation in the capital markets, the Group's exposure to market risk and credit risk and weak performance of the capital markets or other outbreaks of communicable diseases around the world, leading to higher volatility in the global capital markets, continue, its income and cash generated from operating activities may continue to

[1] The revenue derived from the Group's investment and financing business represents the aggregate of interest income from loans and receivables, interest income from debt securities investments as well as dividend income. For further details, please refer to "*Notes to the Consolidated Financial Statements — 4. Interest income*" of the Audited Financial Statements.

fluctuate or decrease and the Group's business may continue to experience a decline in profitability or suffer losses, which could also have a negative impact on its operating cash flows. There is no assurance that the Group will achieve, sustain or return to past levels of profitability in the future. The failure to achieve, sustain or return to past levels of profitability could therefore have a material adverse effect on the Group's businesses, financial condition and results of operations in the future.

The Group incurred negative net cash flows from operating activities in the past. If the Group has negative net cash flows from operating activities in the future, the Group's liquidity and financial condition may be materially and adversely affected.

The Group incurred net cash outflows from operating activities in the past. In particular, for the year ended 31 December 2022, the Group had net cash outflows from operating activities of HK$20.5 million; for the year ended 31 December 2024, the Group had net cash outflows from operating activities of HK$1,162.7 million. Net cash outflows from operating activities may reduce the Group's financial flexibility and its ability to obtain additional borrowings from banks. Although the Group recorded net cash inflows from operating activities for the year ended 31 December 2023 of HK$3,043.0 million, there can be no assurance that the Group will be able to record net cash inflows from operating activities in the future.

The Group's liquidity and financial condition may be materially and adversely affected should the Group record net cash outflows from operating activities in the future, and there can be no assurance that it will have sufficient cash from other sources to fund its operations. If the Group resorts to other financing activities to generate additional cash, the Group will incur additional financing costs and there can be no assurance that the Group will be able to obtain the financing on terms acceptable to it or at all.

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

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

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

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

The Group's total indebtedness, including lease liabilities, bank loans and financial assets sold under repurchase agreements as at 31 December 2022, 2023 and 2024, amounted to approximately HK$25,612.2 million, HK$16,214.5 million and HK$17,147.9 million, respectively. Its substantial indebtedness could have important consequences. For example, it could:

- increase its vulnerability to adverse general economic and industry conditions;
- require it to dedicate a substantial portion of its cash flow from operations to servicing and repaying its indebtedness, thereby reducing the availability of its cash flow to fund working capital, capital expenditures, and for other general corporate purposes;
- limit its flexibility in planning for, or reacting to, changes in its businesses and the industry in which the Group operates;
- place it at a competitive disadvantage compared to its competitors that have less debt;
- limit, together with the financial and other restrictive covenants of its indebtedness, among other things, its ability to borrow additional funds; and
- increase the cost of additional financing.

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

Restrictive covenants contained in credit facilities may limit the Group's ability to incur additional indebtedness and restrict its future operations, and failure to comply with these restrictive covenants may adversely affect its liquidity, financial condition and results of operations.

Certain financing contracts entered into by the Guarantor or its subsidiaries contain operational and financial restrictions that prohibit the borrowers from incurring additional indebtedness unless they are able to satisfy certain financial ratios, restrict the borrowers from creating security or granting guarantees or prohibit the borrowers from changing their business and corporate structure, without the lenders' prior consent. Such restrictions may negatively affect the relevant companies' ability to respond to changes in market conditions, pursue the business opportunities the Group believes to be desirable, obtain future financing, fund capital expenditures, or withstand a continuing or future downturn in the Group's business. Any of these factors could materially and adversely affect the Group's ability to satisfy its obligations under outstanding financial obligations, such as the Bonds after issuance.

If the Guarantor or any of the Group's member companies is unable to comply with the restrictions and covenants in the current or future debt obligations and other financing agreements, a default under the terms of such agreements may occur. In the event of a default under such agreements, the creditors may be entitled to terminate their commitments granted to the Group, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, depending on the provisions of the relevant agreements. Some of the Group's financing agreements contain cross-acceleration or cross-default provisions, which allow creditors under these financing agreements to require the Group to immediately repay their loans or declare a default of the borrower as a result of the acceleration or default of other financing agreements by any other member of the Group. If any of these events occur, the Group may not be able to obtain the lenders' waiver in a timely manner or that the assets and cash flow of the Group or its subsidiaries would not be sufficient to repay in full all of the respective debts as they become due, or that the Group or its subsidiaries would not be able to find alternative financing. Even if the Group or its subsidiaries could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Guarantor or, as the case may be, its subsidiaries.

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

Financial services regulation

As a participant in the financial services industry, the Group is subject to extensive laws, regulations, rules, policies, guidance and codes of conduct of relevant regulatory authorities and faces the risk of intervention by regulatory authorities in Hong Kong. Across the financial services industry, regulatory bodies have recently looked to strengthen regulation and take a rigorous approach to compliance, investigation and imposition of penalties. Key regulations in Hong Kong governing the financial services industry include the SFO and the Money Lenders Ordinance (Cap. 163) of Hong Kong, Insurance Ordinance (Cap. 41), HKSE Rules and the Codes on Takeovers and Mergers and Share Repurchases. Financial services laws, regulations, rules, guidance, codes of conduct, government policies and/or their respective interpretations currently affecting the Group may change and, although the Group monitors developments, it cannot predict future initiatives or changes. A failure to comply with these rules and regulations may subject the Group to enquiries and/or investigations by the relevant regulatory bodies, which may result in fines, censure, reprimand or even suspension or revocation of licences. If the Group fails to comply with any regulatory requirements in the future, the Group and its employees may become the subject of inquiries or investigations by the relevant regulatory authorities.

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

In addition, new laws or regulations or changes in enforcement or interpretations of existing laws or regulations, or heightened regulatory scrutiny or increasingly hefty fines that could be applied to or imposed on the Group's businesses or those of its clients may adversely affect the Group's ability to compete effectively with other institutions that are not affected in the same way.

Regulatory approval and licensing

Withdrawal or amendment of any regulatory approval or of any exemption from registration in respect of any part of the Group's activities in any jurisdiction might compel termination of a particular business or change the way in which it is conducted. The licensing and regulatory approvals are becoming increasingly stringent for the Group's employees in Hong Kong and the PRC. The Group relies on its employees to conduct regulated activities, such as asset management and investment banking and finance advisory services, and therefore, the withdrawal of either a licence or an approval of one or more individuals would hinder their ability to perform their current role. Conducting regulated activities by unauthorised persons could have material adverse consequences for the Group including vitiation or nullification of otherwise valid business agreements made in the normal course of business.

The Group may also have to respond to any material changes in legislation or regulation which could potentially affect its business by adapting its business model or products in the relevant market. There can be no assurance that the Group will be able to effectively respond to any such changes and this may affect the Group's operations and the conduct and success of its business in the relevant market. If the relevant market is a significant or important market to the Group, this may undermine the Group's expansion strategy and may have a material adverse effect upon the Group's business, results of operations and financial condition. Even if the Group could cope with such changes in legislation or regulations, this would invariably increase the compliance costs of the Group.

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

Regulatory requirements on due diligence

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

The Group may be subject to claims of mis-selling

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

The Group may not be able to meet its capital commitments and its obligations under the Bonds and the Guarantee may be subject to liquidity risk.

Some of the Group's businesses involve providing liquidity and/or capital commitments to clients, and may result in them potentially having significant holdings of selected asset classes. Concentration of holdings in certain assets or assets classes, or holdings in illiquid positions of these assets may adversely affect the Group's liquidity position. Any decline in the value of the

Group's asset holdings may reduce its revenue or result in losses. Maintaining adequate liquidity is crucial to the Group's business operations as it continues to expand its business activities with substantial cash requirements.

A reduction in the Group's liquidity could reduce the confidence of its customers or counterparties on the Group, which may result in the loss of business and customer accounts. If the Group is unable to obtain financing on a timely basis or at a reasonable cost, or if there is any adverse change in its cash flows, the Group may not be able to meet its loan commitments, including the Guarantor's obligations under the Bonds and the Guarantee.

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

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

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

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

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

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

However, in common with IT systems generally, losses can result from inadequate or failed internal control processes and protection systems, human error, fraud or external events that interrupt normal business operations. This may result in a loss of data, a failure to provide quality service to customers and could in limited instances cause incorrect trades to be executed. The Group's information technology, databases and other systems may be subject to damage or interruption from earthquakes, volcanic eruptions, floods, fires, power loss, telecommunication failures and similar events as well as to damage from the introduction to its systems of incorrect programming language and configuration by its employees, system providers and contractors.

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

In addition, the Group has adopted an advanced online trading platform and mobile applications for its clients in relation to certain services such as securities trading. Usage of the Group's online trading services may be adversely affected for a number of reasons, such as unavailability of high-speed access to the internet and telecommunication services. To the extent that the Group's online trading activities involve the storage and transmission of confidential information, security breaches could expose the Group to possible liability and damage the Group's reputation. The Group's networks may be vulnerable to unauthorised access, computer viruses, threats and other disruptive problems. Costs incurred in rectifying any of such disruptive problems may be high and may adversely affect the Group's financial condition and results of operations. Concerns regarding security risks may deter the Group's existing and potential clients from using its online trading services. Eliminating computer viruses, threats and alleviating other security problems may result in interruptions, delays or termination of service to users accessing the Group's online trading services. The Group's inability to sustain a high volume of traffic may materially and adversely affect the success and effectiveness of the Group's online trading platform. Although the Group believes it has well defined measures and procedures in place to mitigate security risks, it could suffer material losses from security risks in the future.

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

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

Cyber-attacks and security breaches may threaten the integrity of the Group's intellectual property and other sensitive information and disrupt its business operations, which could adversely affect its reputation, business and financial position.

The Group faces global cybersecurity threats, which may range from uncoordinated individual attempts to sophisticated and targeted measures directed at the Group. Cyber-attacks and security breaches may include, but are not limited to, unauthorised attempts to access information, electronic break-ins, computer viruses, ransomware, sabotage, vandalism, denial of service and other electronic security breaches. The same is true of third-party service providers and software providers on which the Group depends. Cyber-attacks and security breaches may cause loss of information and limited access to systems, theft of sensitive data, including confidential personal information related to the Group's clients, technical and marketing information, disruptions to operations and breakdown of internal control system. The economic costs to the Group to eliminate or alleviate cyber-attacks and security breaches could be significant and may be difficult to estimate or calculate because the loss may differ based on the identity and motive of the programmer or hacker, which are often difficult to identify. Further, the perpetrators of cyber-attacks and security breaches are not restricted to specific groups or persons. These attacks may be committed by company employees or external actors operating in any geography, including jurisdictions where law enforcement measures to address such attacks are unavailable or ineffective, and may even be launched by or at the behest of nation states. In addition, new and amended PRC regulatory requirements regarding network security and information protection have been adopted in recent years to further strengthen the regulation in those areas, which may require the Group to devote significant resources to establishing and maintaining compliance with such new or amended legislation or regulations.

Although the Group has not experienced any material cybersecurity incidents in the past, there is no guarantee that the Group will not experience them in the future. Due to the evolving nature of cybersecurity threats, the scope and impact of any future incident cannot be predicted. While the

Group devotes significant resources to security measures to safeguard its systems and mitigate potential risks, such as deploying network protection devices and performing regular security assessment, there is no assurance that such actions will be sufficient to prevent cyber-attacks or security breaches that manipulate or improperly use the Group's systems or networks or the systems or networks of third parties that the Group depends on, compromise confidential or otherwise protected information, destroy or corrupt data, or otherwise disrupt the Group's operations. The occurrence of such events could negatively impact the Group's reputation, damage the Group's relationship with its clients, and its competitive position and could result in litigation with third parties, regulatory action, loss of business, potential liability and increased remediation costs, any of which could have an adverse effect on the Group's financial condition and results of operations.

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

The Group's business is subject to general, social and political conditions. The Group's business would be adversely affected by any unexpected events, including but not limited to riots, fire, power, strikes, civil or social disruption, outages, natural disasters, terrorist activities, equipment or system failures, industrial action and environmental issues, which may adversely affect the Group's business, financial condition and results of operations. Any future occurrence of natural disasters such as earthquakes, typhoons, floods, cyclones or other adverse weather conditions, acts or threats of terrorism, or outbreaks of epidemics and contagious diseases, which may include the COVID-19 pandemic, avian influenza, severe acute respiratory syndrome, and swine influenza from H1N1 or other strains, could materially and adversely affect the economy and infrastructure and may hence increase the cost of doing business or otherwise adversely affect the Group's operations or those of its customers or suppliers, thus adversely affecting the Group's business, financial condition and results of operations. The outbreak of an epidemic or contagious disease can result in a widespread health crisis, restrict or suspend the level of production, operational and business activities in the affected areas, disrupt transportation, materially affect labour supply and adversely affect the national economy, which may in turn adversely affect the Group's results of operations, financial condition and business. However, there is no assurance that any such measures will achieve the intended effect or enable economic growth, investment, consumption, imports and exports and other economic activities to recover to their previous level or at all. As a result, the Group's financial positions, business operation and prospects may be materially and adversely affected.

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

The Group's business may be susceptible to the operational failure of third-parties.

The Group is subject to the risk of operational failure to termination of the services of any of the exchanges, depositaries, clearing agents, outsourced contractors or other financial intermediaries the Group uses to facilitate its business operation. Any operational failure or termination of the services of the particular financial intermediaries or third-party vendors that the Group uses could adversely affect the Group's ability to execute transactions, service its clients and manage the Group's exposure to various risks, and thereby adversely affect the Group's business and reputation.

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

The Group is required to comply with applicable anti-money laundering, counter-terrorism financing laws and other regulations in Hong Kong, the PRC and any other jurisdictions in which it operates. These laws and regulations require the Group, among other things, to adopt and enforce "anti-money laundering and counter-terrorist financing" policies and procedures and to report suspicious transactions to the applicable regulatory authorities in different jurisdictions. While the Group has made an effort to comply in all material respects with the applicable laws and regulations aimed at detecting and preventing the use of its networks for money-laundering activities and by terrorists and terrorist-related organisations and individuals generally, such effort may not completely, or in a timely manner, eliminate instances where its networks may be used by other parties to engage in money-laundering and other illegal or improper activities or report suspicious transactions in a timely manner. Foreign Account Tax Compliance Act, Common Reporting Standard and similar regulation aiming to curb tax evasion, also impose regulatory and compliance obligations on the Group, and any failure to meet such obligations could result in sanctions, fines, litigations and other penalties against the Group. To the extent the Group may fail to comply fully with applicable laws and regulations, the relevant government agencies to which the Group reports have the power and authority to impose fines and other penalties on the Group, which may adversely affect its business.

Changes in tax laws and regulations may adversely affect the Group's business.

The Group's business operation is subject to the tax laws and regulations in Hong Kong, the PRC and other relevant jurisdictions. The Group may also be subject to taxation in other jurisdictions as the Group trades or invests in the financial products issued in or provides services in such jurisdictions. Any unfavourable changes in the tax laws and regulations applicable to the Group may have an adverse effect on the Group's business, financial condition and results of operations.

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

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

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

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

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

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

The Group is subject to the Personal Data (Privacy) Ordinance (Cap. 486) of Hong Kong which regulates "data users" such as finance companies that use databases of personal information for their businesses and protects the privacy of individuals in relation to personal data. The Group acquires a large amount of personal and financial information relating to its customers. In addition, certain third-party vendors provide services to the Group using personal and financial information of the Group's customers that the Group provides to them. In particular, as the Group relies on third-party encryption and authentication technology to transmit confidential information over public networks, the security of such confidential information may become jeopardised. Improper use or disclosure of, or a failure to protect or properly control, such information could result in violations of the Personal Data (Privacy) Ordinance and other applicable laws, harming the

Group's reputation and business. The Group takes precautionary measures to regulate the disclosure or cross-border transfer of customers' personal information, but these measures may not be effective in all cases, particularly in respect of third-party vendors.

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

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

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

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

The Group is subject to arbitration claims and lawsuits in the ordinary course of its business. As at the date of this Offering Circular, the Group is not aware of any pending or threatened litigation or arbitration proceedings against it, which could have a material adverse effect on the Group's business, financial condition or results of operations. See "*Description of the Group — Legal Proceedings*" for further details. Actions brought against the Group may result in settlements, awards, injunctions, fines, penalties and other results adverse to the Group. Predicting the outcome of such matters is inherently difficult, particularly where claims are brought on behalf of various classes of claimants or by a large number of claimants, when claimants seek substantial or unspecified damages or when investigations or legal proceedings are at an early stage. A substantial judgment, settlement, fine or penalty could be material to the Group's operating results or cash flows for a particular period, depending on the Group's results for that period, or could cause the Group significant reputational harm, which could harm its business prospects.

Investors should not place any reliance on the financial information which is unreviewed or unaudited and shall not place undue reliance on the discussion of material financial trends in relation to the Group's unaudited and unreviewed financial information.

This Offering Circular contains certain discussion of material financial information as at and for the year ended 31 December 2025 and certain material trends in the Group's financial results derived from the Group's consolidated management accounts. For details, please refer to "*Summary — Recent Development — Financial Information as at and for the Year Ended 31 December 2025*" or "*Description of the Group — Recent Development — Financial Information as at and for the Year Ended 31 December 2025*". Other than such limited financial information expressly set out in this Offering Circular, the Group's financial information as at and for the year ended 31 December 2025 derived from the Group's consolidated management accounts is not included in, and does not form a part of this Offering Circular. Such unaudited and unreviewed financial information has not been audited or reviewed by the Group's independent auditors, may be subject to adjustments, and may not reflect the Group's financial position or results of operations with the same level of reliability as audited financial statements. Accordingly, it should not be taken as an indication of its audited financial statements as at and for the year ended 31 December 2025. Such financial information and the discussion of material financial trends in relation to such financial information should not be relied upon by investors to provide the same quality of information associated with audited or reviewed financial information. Potential investors must exercise caution when considering such material financial information and trends and evaluating the Group's financial condition and results of operations. Potential investors are advised to refer to the financial information contained in this Offering Circular and consider carefully all of the information including but not limited to the risks and uncertainties described herein prior to making any investment decisions. None of the Joint Lead Managers or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them makes any representation or warranty, express or implied, regarding the accuracy of such consolidated financial information or its sufficiency for an assessment of.

The Group faces risks related to changes in accounting standards, accounting estimates and historical accounting errors.

The financial accounting, procedures and reporting standards governing the Group's financial statements as well as their application and interpretation may change from time to time. Such changes may be beyond the control of the Group, and can be difficult to predict, which, in turn, could materially impact the Group's results of operations and financial condition. In some cases, the Group may be required to apply a new or revised standard retrospectively, resulting in material changes to previously reported financial results.

The Group has reclassified 2023 financial information as the comparative figures in the consolidated statement of financial position in the 2024 Audited Financial Statements relating to a stock call option from accruals and other payables to derivative financial instruments to align with the presentation as at 31 December 2024. In addition, the Group has restated certain 2023 financial information as the comparative figures in the 2024 Audited Financial Statements in relation to cash and cash equivalents and other cash flow information, accruals and other payables and financial risk management and fair value of financial instruments to correct a misclassification in 2023. As a result, the presentation of certain accounting items in the Group's consolidated financial statements as at and for the year ended 31 December 2022 extracted from the Guarantor's audited consolidated financial statements as at and for the year ended 31 December 2023 may not be comparable to the Group's financial figures as at and for the years ended 31 December 2023 and 2024, which are extracted from the 2024 Audited Financial Statements. For details of such restatement and reclassification, please refer to "*Notes to the Consolidated Financial Statements — 2. Material accounting policies — (b) Basis of preparation of the consolidated financial statements*" of the 2024 Audited Financial Statements.

There can be no assurance that HKICPA will not promulgate other new accounting standards or requirements in relation to financial statements which would affect the Guarantor's accounting policies, or that the Guarantor or its subsidiaries will not change their accounting estimates or uncover future accounting errors, each of which may affect the presentation and comparability of the Group's financial statements. Investors should therefore exercise caution when making comparisons on the Group's historical financial figures and when evaluating the Group's financial condition and results of operations.

Certain facts and statistics derived from government and third-party sources contained in this Offering Circular may not be reliable.

Certain facts and other statistics in this Offering Circular, particularly those relating to the PRC, the PRC economy and the industry in which the Group operates, have been derived from information provided by the PRC and other government agencies, industry associations, independent research institutes or other third-party sources. While the Issuer and the Guarantor have taken reasonable care in the reproduction of the information, it has not been prepared or independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Agents or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them and, therefore, there can be no assurance as to the accuracy and reliability of such facts and statistics, which may not be consistent with other information compiled inside 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 inaccurate or may not be comparable to statistics produced for other economics and investors should not place undue reliance on them. Furthermore, no assurance can be given that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, investors should consider carefully how much weight or importance investors should attach to, or place on, such facts or statistics.

RISKS RELATING TO THE PRC AND HONG KONG

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

The PRC economy 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 PRC economy 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 China continue to be 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 the 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). The Group's operations and financial results, as well as the Issuer's and the Guarantor's ability to satisfy its obligations under the Bonds and the Guarantee, as the case may be, 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.

The Group may be affected by an economic downturn in Hong Kong.

The Group conducts most of its operations and generates the majority of its revenue in Hong Kong. Consequently, its business is highly dependent on Hong Kong's economic and market conditions. Any slowdown of the Hong Kong economy, declines in crude oil and commodities prices and fluctuations in interest and foreign exchange rates may materially undermine the business and results of operations of entities listed on the Hong Kong Stock Exchange. Adverse changes in general economic or financial conditions increase the volatility of the securities market, thereby weakening investors' confidence in and reducing securities trading, margin financing and investment banking and finance advisory activities, which, in turn, would materially and adversely affect the commission and fee income from its securities brokerage and margin financing business, interest income from its fixed-income direct investment and underwriting commissions, financial advisory fees and sponsor fees from its investment banking and finance advisory business. The Group may also experience decreases in the fees earned from its asset management business during periods of adverse economic and market conditions due to the reduced value of its asset management portfolio. Hong Kong's economic performance is sensitive to changes in the economic cycles of Hong Kong and China, volatility in financial markets and international events such as the withdrawal of the United Kingdom from the European Union and the escalation of trade tensions between the U.S. and China and COVID-19 pandemic. As the Group's business is highly susceptible to Hong Kong's economy and local securities and financial markets, any prolonged period of sluggish market activity or even a downturn may materially and adversely affect its business, results of operations and financial condition. There can be no assurance that the Group's future growth will reflect its historical growth or that it will be able to maintain the same level of growth under uncertain or unstable economic conditions.

The evolving laws in the PRC could affect the Group.

PRC laws and regulations govern the Group's operations in mainland China. The Group's certain operating subsidiaries are organised under PRC laws. China's legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value unless the Supreme People's Court of the People's Republic of China otherwise provides. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. These laws and regulations are continually evolving in response to changing economic and other conditions, and are subject to interpretations. Since the PRC administrative and court authorities, like the administrative and court authorities elsewhere in the world, have discretion in interpreting and implementing statutory and contractual terms, it may be difficult for the Group to evaluate and predict the outcome of the administrative and court proceedings and the enforceability of rights.

Any future occurrence of force majeure events, natural disasters or outbreaks of contagious diseases in the PRC may materially and adversely affect the Group's business, financial condition and results of operations.

Any future occurrence of force majeure events, natural disasters or outbreaks of epidemics and contagious diseases may materially and adversely affect the Group's business, financial condition and results of operations. An outbreak of an epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activities in affected areas, which may, in turn, materially and adversely affect the Group's business. For example, the outbreak of novel coronavirus in the PRC has resulted in widespread traffic disruption, travel restrictions and quarantines in different provinces and municipalities in the PRC, which may have an adverse effect on the economic conditions of the PRC and the Group's business. Moreover, in the past few years, the PRC has experienced natural disasters such as earthquakes, floods and droughts. Any future occurrence of severe natural disasters in the PRC may materially and adversely affect its economy and therefore the Group's business. The Group cannot assure investors that any future occurrence of natural disasters or outbreaks of epidemics and contagious diseases, or the measures taken by the PRC government or other countries in response to such contagious diseases, will not seriously disrupt the Group's operations or those of its customers, which may materially and adversely affect its business, financial condition and results of operations.

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

Certain of the Group's revenue is denominated in Renminbi. 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 Bonds. 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 law.

PRC laws require that dividends be paid only out of net profits, 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 profits as statutory reserves before distributing the net profits 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 its subsidiaries, any legal restrictions on the availability and use of dividend payments from the Guarantor's subsidiaries may impact the Guarantor's ability to fund its operations and to service its indebtedness.

In addition, the Group is subject to certain restrictive covenants in the financing arrangements entered into by the Guarantor's subsidiaries and certain banks. For instance, loan agreements with certain commercial banks may restrict the Guarantor's subsidiaries from paying any dividends to the Guarantor or repaying intercompany loans before the loan is fully repaid.

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.

Certain facts 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. 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 Group, the Joint Lead Managers or the Agents or any of their respective affiliates, employees, directors, officers, agents, advisers or representatives or any person who controls any of them, and, therefore, none of the Guarantor, the Joint Lead Managers or the Agents or any of their respective affiliates, employees, officers, directors, agents, advisers or representatives 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.

RISKS RELATING TO THE BONDS AND THE GUARANTEE

Investors may experience difficulties in enforcing judgments against the Group in the PRC.

The Terms and Conditions and the transaction documents are governed by English law and the Issuer and the Guarantor have submitted to the exclusive jurisdiction of the Hong Kong courts. However, certain companies in the Group are incorporated in the PRC and a portion of the Group's assets and companies are located in the PRC.

It is understood that the enforcement of foreign judgments in the PRC is still subject to uncertainties. In addition, the mechanisms for enforcement of rights under the corporate governance framework to which the Group is subject are also relatively undeveloped and untested. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by the courts in most other jurisdictions.

On 18 January 2019, the Supreme People's Court of the PRC and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "**2019 Arrangement**"). The 2019 Arrangement has been implemented in Hong Kong by the Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance (Cap. 645), which came into operation on 29 January 2024. In the Mainland, the Supreme People's Court promulgated a judicial interpretation to implement the 2019 Arrangement on 26 January 2024 (the "**Judicial Interpretation**"). The 2019 Arrangement applies to judgments made on or after 29 January 2024.

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

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

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

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

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

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

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

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

The Bonds and the Guarantee will be the Issuer's and the Guarantor's unsecured obligations and will (i) rank equally in right of payment with all the Issuer's and the Guarantor's other present and future unsecured and unsubordinated obligations; (ii) be effectively subordinated to all of the Issuer's and the Guarantor's present and future secured indebtedness to the extent of the value of the collateral securing such obligations; and (iii) be senior to all of the Issuer's and the Guarantor's present and future subordinated obligations, subject in all cases to exceptions as may be provided by applicable legislation. As a result, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will be prior with respect to those assets. In the event of the Issuer's and the Guarantor's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or upon any acceleration of the Bonds, these assets will be available to pay obligations on the Bonds only after all other debt secured by these assets has been repaid in full. Any remaining assets will be available to the Bondholders rateably with all of the Issuer's or the Guarantor's other unsecured and unsubordinated creditors, including trade creditors. If there are insufficient assets remaining to pay all these creditors, then all or a portion of the Bonds then outstanding would remain unpaid.

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

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

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

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

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

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

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

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

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 Bonds are legal investments, (ii) the Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

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

The Issuer is a specifically incorporated special purpose finance vehicle.

The Issuer has not engaged and will not engage in any business or any activities other than the incurrence of indebtedness, including but not limited to the issue of the Bonds and other securities, acting as the financing platform to the Guarantor and its other subsidiaries and affiliates, the on-lending of the proceeds thereof to the Guarantor or its other subsidiaries and affiliates, and any other activities reasonably incidental thereto, including but not limited the establishment and/or maintenance of the Issuer's corporate existence. The Issuer does not and will not have any material assets other than amounts due to it from the Guarantor or its subsidiaries, and its ability to make payments under the Bonds will depend on their receipt of the timely remittance of funds from the Guarantor and/or its subsidiaries. The Issuer might not be able to receive sufficient funds from the Guarantor and/or its other subsidiaries to make payments under the Bonds.

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

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

The Issuer may elect to redeem the Bonds if it is required to pay additional tax amounts in respect of PRC withholding tax.

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose "*de facto management body*" are within the territory of the PRC are treated as PRC tax resident enterprises for the purpose of the EIT Law and must pay PRC enterprise income tax at the rate of 25 per cent. in respect of their taxable income. Although the rules are not entirely clear, dividends from a PRC tax resident enterprise should be excluded from the taxable income of a recipient that is also a PRC tax resident enterprise. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "*de facto management body*" of the Issuer is within the territory of PRC, the Issuer may be treated as a PRC tax resident enterprise for the purpose of the EIT Law, and the Issuer may be subject to PRC enterprise income tax at the rate of 25 per cent. on its taxable income. As at the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law. However, it is unclear whether the Issuer will be treated as a PRC tax resident enterprise for the purposes of the EIT law. If the Issuer is considered as a PRC tax resident enterprise and is required to withhold tax from interest payments on the Bonds, the Issuer may, subject to certain exceptions, be required to pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding been required. As further described under Condition 6(b) of the Terms and Conditions, if the Issuer or the Guarantor is required to pay additional tax amounts as a result of any change in, or amendment to, laws or regulations of Hong Kong or 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 2 February 2026, and such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, the Issuer may redeem the Bonds in whole, but not in part, at their principal amount together with interest accrued to but excluding the date fixed for redemption.

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

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

The ratings of the Bonds may be downgraded or withdrawn.

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

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

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

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

The price and trading volume of the Bonds may be highly volatile. One or more initial investors may subscribe for a material proportion of the aggregate principal amount of the Bonds which may reduce the liquidity of the Bonds in the secondary trading market, and such investors may have certain influence on matters voted on by holders of the Bonds. Factors such as variations in the revenues, earnings and cash flows of the Group and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies, any adverse change in the credit rating and results of operations could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the volume and price at which the Bonds will trade.

A trading market for the Bonds may not develop.

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

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

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

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

The insolvency laws of Hong Kong may differ from those of another jurisdiction with which the holders of the Bonds are familiar.

As the Issuer and the Guarantor are incorporated under the laws of Hong Kong, any insolvency proceeding relating to the Issuer and the Guarantor would likely involve Hong Kong insolvency laws, as the case may be, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar.

Investment in the Bonds is subject to exchange rate risks.

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

Changes in interest rates may have an adverse effect on the price of the Bonds.

The Bondholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Bonds, resulting in a capital loss for the Bondholders. However, the Bondholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Bonds may rise. The Bondholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Modifications and waivers may adversely affect Bondholders.

The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement, if to do so would not be prejudicial to the interests of the Bondholders, as further described in Condition 12(b) of the Terms and Conditions. There can be no assurance that all Bondholders will agree that any such modification, waiver or authorisation is not prejudicial to their interests. In addition, in the absence of express notice to the contrary, the Agents are entitled to assume that no such modification, waiver or authorisation has been made and are under no obligation to check or verify the accuracy and correctness of any information provided to them or to monitor any performance (financial or otherwise) of the Issuer, the Guarantor or any other person under the Bonds, the Fiscal Agency Agreement, the Deed of Covenant, the Deed of Guarantee or any other agreement or document.

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

The Terms and Conditions contain provisions for calling meetings of holders of the Bonds to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of the Bonds including holders who did not attend and vote at the meeting and those 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 Bonds may be adverse to the interests of individual Bondholders.

Any failure to complete the relevant filings under the NDRC Administrative Measures within the prescribed time frames following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the Bondholders.

Pursuant to the NDRC Administrative Measures promulgated by NDRC effective from 10 February 2023, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities with a maturity of more than one year issued outside the PRC with the NDRC prior to the issue of the securities. CMBC, as the parent company of the Guarantor, has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC on 28 February 2025 evidencing such registration.

Pursuant to the NDRC Administrative Measures and any implementation rules, regulations, certificates, circulars, notices or policies in connection therewith and regulations as issued by the NDRC from time to time, the Guarantor shall submit or cause to be submitted with the NDRC the requisite information and documents in relation to the issue of the Bonds within the relevant prescribed timeframes after the Issue Date, including but not limited to the filing with the NDRC of the requisite information and documents relating to the NDRC Post-issue Filing and complying with all applicable PRC laws and regulations.

Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. The Guarantor undertakes to file or cause to be filed with the NDRC the requisite information and documents in respect of the Bonds within the relevant prescribed timeframes after the Issue Date in accordance with the NDRC Administrative Measures.

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

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

While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems. While the Bonds are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the common depositary for Euroclear and Clearstream, for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. None of the Issuer or the Agents has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate. Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

The Issuer may issue additional Bonds in the future.

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

The use of Secured Overnight Financing Rate ("SOFR") as a reference rate is subject to important limitations.

The rate of interest on the Bonds will be calculated on the basis of Compounded SOFR Index (as further described under Condition 5 of the Terms and Conditions).

In June 2017, the New York Federal Reserve's Alternative Reference Rates Committee (the "**ARRC**") announced SOFR as its recommended alternative to U.S. dollar London Interbank Offered Rate ("**LIBOR**"). However, the composition and characteristics of SOFR are not the same as those of LIBOR. SOFR is a broad U.S. Treasury repo financing rate that represents overnight secured funding transactions. This means that SOFR is fundamentally different from LIBOR for two key reasons. First, SOFR is a secured rate, while LIBOR is an unsecured rate. Second, SOFR is an overnight rate, while LIBOR represents interbank funding over different maturities. As a result, there can be no assurance that SOFR will perform in the same way as LIBOR would have at any time, including, without limitation, as a result of changes in interest and yield rates in the market, market volatility or global or regional economic, financial, political, or regulatory events. For example, since publication of SOFR began in April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmark or other market rates. As SOFR is an overnight funding rate, interest on the Bonds will be calculated on the basis of 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. Bondholders therefore will not know in advance the interest amount which will be payable on the Bonds. 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. Bondholders 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 none of the Group or the Agents has any 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 Bondholders. 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 Bonds and a reduction in the trading prices of the Bonds which would negatively impact the Bondholders who could lose part of their investment.

The Terms and Conditions provide for certain fallback arrangements in the event that a SOFR Benchmark Transition Event (as defined in the Terms and Conditions) occurs, which is based on the ARRC 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 Bondholders. 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 Bonds 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 the Bonds.

The market continues to develop in relation to SOFR as a reference rate for the Bonds.

Investors should be aware that the market continues to develop in relation to SOFR as a reference rate in the capital markets and its adoption as an alternative to U.S. dollar LIBOR. Market participants and relevant working groups are exploring alternative reference rates based on SOFR (which seek to measure the market's forward expectation of a SOFR rate over a designated term). The market or a significant part thereof may adopt an application of SOFR that differs significantly from that set out in the Terms and Conditions. In addition, the manner of adoption or application of SOFR in the bond markets may differ materially compared with the application and adoption of SOFR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SOFR 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 Bonds. In addition, the development of SOFR as an interest reference rate for the bond markets, as well as continued development of SOFR-based rates, indices and averages for such markets and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of Bonds. Similarly, if SOFR does not prove widely used in securities such as the Bonds, investors may not be able to sell the Bonds at all or the trading price of the Bonds may be lower than those of bonds linked to indices that are more widely used. The use of SOFR as a reference rate for bonds is nascent, and may be subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing such rates. The Bonds may have no established trading market when issued, and an established trading market may never develop or may not be very liquid which, in turn, may reduce the trading price of the Bonds or mean that investors in the Bonds may not be able to sell the Bonds at all or may not be able to sell the Bonds at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. Investors should consider these matters when making their investment decision with respect to the Bonds.

Bonds which have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

The denominations of the Bonds are U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. Therefore, it is possible that the Bonds may be traded in amounts in excess of U.S.$200,000 that are not integral multiples of U.S.$1,000. In such a case, a Bondholder who, as a result of trading such amounts, holds a principal amount of less than U.S.$200,000 will not receive a definitive certificate in respect of such holding of Bonds (should definitive certificates be printed) and would need to purchase a principal amount of Bonds such that it holds an amount equal to one or more denominations. If definitive certificates are issued, Bondholders should be aware that Bonds with aggregate principal amounts that are not an integral multiple of U.S.$1,000 may be illiquid and difficult to trade.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to modification and save for the paragraphs in italics, is the text of the terms and conditions of the Bonds which will appear on the reverse of each of the definitive certificates representing the Bonds.

The issue of the U.S.$300,000,000 in aggregate principal amount of floating rate guaranteed bonds due 2029 (the "**Bonds**", which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 13 and consolidated and forming a single series therewith) was authorised by the written resolution of the directors of CMBC International Funding (HK) Limited 民銀國際融資(香港)有限公司 (the "**Issuer**") dated 19 December 2025. A fiscal agency agreement has been entered into in relation to the Bonds (as amended and/or supplemented from time to time, the "**Fiscal Agency Agreement**") dated 6 February 2026 between the Issuer, CMBC International Holdings Limited 民生商銀國際控股有限公司 (the "**Guarantor**") and China CITIC Bank International Limited as fiscal agent, paying agent, registrar, transfer agent and calculation agent (respectively, as the "**Fiscal Agent**", the "**Paying Agent**", the "**Registrar**", the "**Transfer Agent**" and the "**Calculation Agent**", which expression shall include any successor thereof) and any other agents named in it. References herein to "**Agents**" means the Fiscal Agent, the Paying Agent, the Registrar, the Transfer Agent, the Calculation Agent and any other agent or agents appointed from time to time pursuant to the Fiscal Agency Agreement with respect to the Bonds. The Fiscal Agency Agreement includes the form of the Bonds.

The Bonds have the benefit of a deed of covenant (as amended and/or supplemented from time to time, the "**Deed of Covenant**") dated 6 February 2026 executed by the Issuer and a deed of guarantee (as amended and/or supplemented from time to time, the "**Deed of Guarantee**") dated 6 February 2026 executed by the Guarantor. The giving of the Guarantee (as defined below) was authorised by the written resolution of the directors of Guarantor dated 29 October 2025.

The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Deed of Covenant and the Deed of Guarantee and are deemed to have notice of those provisions of the Fiscal Agency Agreement applicable to them.

So long as any Bond is outstanding (as defined in the Fiscal Agency Agreement), copies of the Fiscal Agency Agreement, Deed of Covenant and the Deed of Guarantee are available for inspection by Bondholders upon prior written request and proof of holding and identity to the satisfaction of the Fiscal Agent, at all reasonable times during usual business hours (being between 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the specified office for the time being of the Fiscal Agent (being at the Issue Date at 80/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong).

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

1 Form, Specified Denomination and Title

The Bonds are issued in registered form in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (each an "**Authorised Denomination**").

The Bonds are represented by registered certificates (the "**Certificates**") and, save as provided in Condition 2(b), each Certificate shall represent the entire holding of Bonds by the same holder. Title to the Bonds shall pass only by transfer and registration of title in the Register (as defined below) as described in Condition 2. The holder of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the Certificate (other than the endorsed form of transfer) representing it or the destruction, theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, "**Bondholder**" or "**holder**" in relation to a Bond means the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first-named thereof).

*Upon issue, the Bonds will be represented by a global certificate (the "**Global Certificate**") substantially in the form scheduled to the Fiscal Agency Agreement. The Global Certificate will be registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"), and will be exchangeable for definitive Certificates only in the circumstances set out therein. The Bonds are not issuable in bearer form. The Conditions are modified by certain provisions contained in the Global Certificate. See "Summary of Provisions relating to the Bonds in Global Form".*

2 Transfers of Bonds

(a) Register

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

(b) Transfer

Subject to the Fiscal Agency Agreement and Conditions 2(e) and 2(f) herein, a Bond may be transferred in whole or in part (but in any case in an Authorised Denomination) by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back of the

Certificate duly completed and signed by the holder or his attorney duly authorised in writing or any other evidence as the Registrar or the relevant Transfer Agent may require, to the specified office of the Registrar or any Transfer Agent. In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred (which shall be in an Authorised Denomination) and a further new Certificate in respect of the balance of the holding not transferred (which shall be in an Authorised Denomination) shall be issued to the transferor. In the case of a transfer of a Bond to a person who is already a holder, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. No transfer of title to a Bond will be valid unless and until entered on the Register.

Transfer of interests in the Bonds represented by the Global Certificate will be effected in accordance with the rules and procedures of the relevant clearing systems.

(c) Delivery of New Certificates

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

(d) Formalities Free of Charge

Certificates, on transfer, shall be issued and registered without charge to the relevant Bondholder by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon (i) payment by the relevant holder of any tax or other governmental charges that may be imposed in relation to such transfer (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 concerning transfer of Bonds have been complied with.

(e) Closed Periods

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

(f) Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer and registration of Bonds scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Fiscal Agent. A copy of the current regulations will be made available (free of charge to the holders and at the Issuer's expense) by the Registrar to any holder following prior written request and proof of holding and identity to the satisfaction of the Registrar.

3 Guarantee and Status

(a) Guarantee

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bonds. Its obligations in that respect (the "**Guarantee**") are contained in the Deed of Guarantee. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by mandatory provisions of applicable laws and regulations and subject to Condition 4(b), at all times rank at least *pari passu* with all its other present and future unsecured and unsubordinated obligations.

(b) Status

The Bonds constitute direct, unsubordinated, unconditional and (subject to Condition 4(b)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the

Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable laws and regulations and subject to Condition 4(b), at all times rank at least *pari passu* with all its other present and future unsecured and unsubordinated obligations.

4 Covenants

(a) Issuer's Activities

The Issuer undertakes, *inter alia*, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Bondholders: it will not conduct any business or any activities whatsoever other than (1) the incurrence of indebtedness, including but not limited to the issue of the Bonds and other securities, (2) acting as the financing platform to the Guarantor or its other subsidiaries and affiliates, (3) the on-lending of the proceeds thereof to the Guarantor or its other subsidiaries and affiliates, and (4) any other activities reasonably incidental thereto, including but not limited the establishment and/or maintenance of the Issuer's corporate existence.

(b) Negative Pledge

So long as any Bond remains outstanding (as defined in the Fiscal Agency Agreement), neither the Issuer nor the Guarantor will, and will ensure that none of their respective Subsidiaries (other than any Listed Subsidiary) will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Bondholders.

In this Condition 4(b):

"**Listed Subsidiary**" means a Subsidiary whose shares at the relevant time listed on any recognised stock exchange and any Subsidiary of such Listed Subsidiary; and

"**Relevant Indebtedness**" means any present or future indebtedness incurred outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market (which for the avoidance of doubt does not include bilateral loans, syndicated loans, club deal loans, any transferable loan facility or agreement (including any draw-down of any existing credit line or facility)).

(c) Undertakings relating to NDRC

The Guarantor undertakes to submit or cause to be submitted with the National Development and Reform Commission of the PRC or its local counterparts (the "**NDRC**") the requisite information and documents in relation to the issue of the Bonds within the relevant prescribed timeframes after 6 February 2026 (the "**Issue Date**"), including but not limited to the filing with the NDRC of the requisite information and documents relating to the issue of the Bonds within 10 PRC Business Days after the Issue Date (the "**NDRC Post-issue Filing**") and complying with all applicable PRC laws and regulations in relation to the NDRC Post-issue Filing, 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 NDRC effective from 10 February 2023, and any implementation rules, regulations, certificates, circulars, notices or policies in connection therewith as issued by the NDRC from time to time.

(d) Notification of Submission of the NDRC Post-issue Filing

The Guarantor shall, within 10 PRC Business Days after the submission of the NDRC Post-issue Filing, provide the Fiscal Agent with (i) a certificate in English substantially in the form set out in the Fiscal Agency Agreement signed by an Authorised Signatory (as defined in the Fiscal Agency Agreement) of the Guarantor confirming (A) the submission of the NDRC Post-issue Filing and (B) no Event of Default or Potential Event of Default (as defined in the Fiscal Agency Agreement) has occurred; and (ii) copies of the relevant documents evidencing due filing with the NDRC and the particulars of registration (if any), each certified in English by an Authorised Signatory of the Guarantor as being a true and complete copy of the original (the items specified in (i) and (ii) of this Condition 4(d) together, the "**Registration Documents**").

In addition, the Guarantor shall procure that, within 10 PRC Business Days after the documents comprising the Registration Documents are delivered to the Fiscal Agent, the Issuer gives notice to the Bondholders (in accordance with Condition 14) confirming the submission of the NDRC Post-issue Filing.

The Agents shall have no obligation or duty to monitor or ensure the NDRC Post-issue Filing is completed or to assist with the NDRC Post-issue Filing or to verify the accuracy, validity, completeness and/or genuineness of any documents in relation to or in connection with the NDRC Post-issue Filing and/or the Registration Documents or any translation thereof or to procure, request or obtain or arrange that any document in relation to or in connection with the NDRC Post-Issue Filing and/or the Registration Documents or any other document not in English is translated into English or to verify the accuracy of any English translation thereof of any documents (if any) or to give notice to the Bondholders confirming the completion of the NDRC Post-issue Filing, and shall not be liable to the Issuer, the Guarantor, Bondholders or any other person for not doing so.

(e) Financial Statements

So long as any Bond remains outstanding (as defined in the Fiscal Agency Agreement), the Guarantor shall send to the Fiscal Agent:

(i) as promptly as practicable (in the case of each annual fiscal period, within 180 days after the close of each annual fiscal period, a copy of the Guarantor's English audited consolidated financial statements (comprising the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of cash flows and (if any) the consolidated statement of changes in equity) together with the auditors' audit report and notes to the financial statements as at the end of, and for, such fiscal period, prepared in accordance with the relevant laws of Hong Kong and the Hong Kong Financial Reporting Standards or other financial reporting standards applicable to the Guarantor (audited by a nationally or internationally recognised firm of independent accountants), and if such statements shall be in the Chinese language, together with an English translation of the same translated by (x) a nationally or internationally recognised firm of independent accountants, or (y) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together in each case with a certificate in English signed by an Authorised Signatory of the Guarantor certifying that such translation is complete and accurate (and the Fiscal Agent shall be entitled to assume that each such English translation is a complete and accurate translation of the original, and may rely conclusively without liability to the Issuer, the Guarantor, any Bondholder or any other person); and

(ii) at the same time as the provision of the annual reports and within 14 days of any written request therefor from the Fiscal Agent, a Compliance Certificate of the Issuer and/or the Guarantor in the form scheduled to the Fiscal Agency Agreement (on which the Fiscal Agent may rely conclusively as to such compliance and shall not be liable to the Issuer, the Guarantor, any Bondholder or any other person for such reliance).

The Agents shall not be required to review, verify or investigate the annual reports as contemplated in this Condition 4(e) and, if the same shall not be in the English language, shall not be required to request or obtain or arrange for an English translation of the same, and the Agents shall not be liable to any Bondholder, the Issuer, the Guarantor or any other person for not doing so. The Agents shall be entitled to rely conclusively without investigation or verification on and assume that any English translation is a complete and accurate translation of the original, and may rely conclusively without investigation or verification on any such translation without liability to the Issuer, the Guarantor, any Bondholder or any other person for the accuracy, validity and/or genuineness of any matters or facts stated therein.

(f) Definitions

In these Conditions:

(i) "**Compliance Certificate**" means a certificate of the Issuer or the Guarantor (as the case may be) in English substantially in the form scheduled to the Fiscal Agency Agreement, signed by an Authorised Signatory of the Issuer or the Guarantor (as the case may be) certifying that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer or the Guarantor (as the case may be) as at a date (the "**Certification Date**") not more than five days before the date of such certificate:

(a) no Change of Control, Event of Default or Potential Event of Default (as defined in the Fiscal Agency Agreement) or other breach of the Fiscal Agency Agreement or the Bonds has occurred since the certification date of the last such certificate or (if none) the date of the Fiscal Agency Agreement or, if such an event had occurred, giving details of it; and

(b) the Issuer or the Guarantor (as the case may be) has complied with all its obligations under the Bonds, Fiscal Agency Agreement, Deed of Covenant (in the case of the Issuer only) and the Deed of Guarantee (in the case of the Guarantor only) or, if such non-compliance had occurred, giving details of it;

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

(iii) "**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, the PRC; and

(iv) a "**Subsidiary**" of any person means (i) 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 (ii) 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

(a) Interest Rate and Interest Payment Dates

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate which is equal to Compounded SOFR Index (as defined below) plus 0.60 per cent. per annum (the "**Rate of Interest**"), payable semi-annually in arrear on 6 February and 6 August in each year (each, an "**Interest Payment Date**").

If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined below), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event it shall be brought forward to the immediately preceding business day.

The Rate of Interest and amount of interest to be paid on the Bonds for each Interest Period (as defined in Condition 5(c)) will be calculated by the Calculation Agent on the relevant Interest Determination Date unless otherwise provided in these Conditions.

If the Bonds become due and payable in accordance with Condition 9, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified, be deemed to be the date on which the Bonds became due and payable and the Rate of Interest on the Bonds shall, for so long as the Bonds remain outstanding, be that determined on such date.

For the purposes of these Conditions (and unless otherwise stated):

"**business day**" means any weekday that is a U.S. Government Securities Business Day and is not a legal holiday in New York and is not a date on which banking institutions in New York are authorised or required by law or regulation to be closed;

"**Compounded SOFR Index**" means, for the applicable Interest Period, 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 per cent. being rounded upwards) (e.g. 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

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

"**SOFR Index**" means, in respect of a U.S. Government Securities Business Day, the SOFR Index value as published on the SOFR Administrator's Website at the SOFR Index Determination Time on such U.S. Government Securities Business Day, provided that, in the event that the value originally published on the SOFR Administrator's Website at or about the SOFR Index Determination Time on any U.S. Government Securities Business Day is subsequently corrected and such corrected value is published by the SOFR Administrator on the original date of publication, 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:

(1) if the value specified above does not appear and a SOFR Benchmark Transition Event and its related Benchmark Replacement Date (as defined in Condition 5(g)) have not occurred, the "SOFR Index" shall be calculated on any Interest Determination Date with respect to an Interest Period, in accordance with the formula described below in the term "SOFR Observation Shift"; or

(2) if the value specified above does not appear and a SOFR Benchmark Transition Event and its related Benchmark Replacement Date have occurred, the provisions set forth in Condition 5(g) shall apply;

"$\mathbf{SOFR\ Index_{End}}$" means, in respect of an Interest Period, the SOFR Index value on the date that is five U.S. Government Securities Business Days prior to the Interest Period Date for such Interest Period (or in the final Interest Period, the Maturity Date);

"$\mathbf{SOFR\ Index_{Start}}$" means, in respect of an Interest Period, the SOFR Index value on the date that is five U.S. Government Securities Business Days prior to the first day of the relevant Interest Period;

"**SOFR Index Determination Time**" means, in relation to any U.S. Government Securities Business Day, approximately 3:00 p.m. (New York City time) on such U.S. Government Securities Business Day;

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

"**SOFR Observation Shift**" means the percentage calculated by the Calculation Agent in accordance with the following:

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

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

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

"**d_o**" 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 d_o, 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)**);

"**n_i**", for any U.S. Government Securities Business Day(i), 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;

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Period, the day falling four U.S. Government Securities Business Days prior to the last day of such Interest Period;

"**Interest Period Date**" means each Interest Payment Date;

"**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:

(1) the Secured Overnight Financing Rate published at the SOFR Determination Time on the SOFR Administrator's Website;

(2) if the reference rate specified in (1) above does not appear and a SOFR Benchmark Transition Event and its related 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

(3) if the reference rate specified in (1) above does not appear and a SOFR Benchmark Transition Event and its related Benchmark Replacement Date have occurred, the provisions set forth in Condition 5(g) shall apply;

"**SOFR Administrator's Website**" means the website of the Federal Reserve Bank of New York (currently, being *https://www.newyorkfed.org/markets/reference-rates/sofr-averages-and-index*), or any successor source;

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

"**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;

"**SOFR Observation Shift Days**" means five U.S. Government Securities Business Days; and

"**U.S. Government Securities Business Day**" 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.

(b) Interest Payments

Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal or premium (if any) is improperly withheld or refused. In such event, it shall continue to bear interest in accordance with this Condition 5 (both before and after judgment) until whichever is the earlier of:

(i) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder; and

(ii) the day seven days after the Fiscal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

(c) Interest Period

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date (or the relevant payment date if the Bonds become payable on a date other than an 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 (or the relevant payment date if the Bonds become payable on a date other than an Interest Payment Date) is called an "**Interest Period**".

(d) Publication of Rate of Interest and Amount of Interest Payable per Calculation Amount

The Calculation Agent will cause the Rate of Interest, the amount of interest payable per Calculation Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Guarantor, the Bondholders, the Fiscal Agent and the Registrar and, if the Bonds are listed on a stock exchange and the rules of such exchange or other relevant authority so requires, the Issuer will notify such exchange or other relevant authority, as soon as reasonably practicable after their determination. The amount of interest payable per Calculation Amount and Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Bonds become due and payable under Condition 9, the accrued interest per Calculation Amount and the Rate of Interest payable in respect of the Bonds shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with this Condition 5, but no publication of the Rate of Interest or the amount of interest payable per Calculation Amount so calculated is needed to be made.

(e) Calculation of Interest

Interest in respect of any Bond shall be calculated per U.S.$1,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall be calculated by applying the Rate of Interest to the Calculation Amount and multiplying such product by the actual number of days in the Interest Period concerned divided by 360 and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

(f) Calculation Agent

The Issuer may replace the Calculation Agent by giving to the Fiscal Agent and the Calculation Agent at least 30 days' notice, and the Calculation Agent may resign as calculation agent at any time by giving the Issuer, the Guarantor and the Fiscal Agent at least 30 days' notice. The Issuer may also appoint an additional Calculation Agent under the Bonds. All determinations made by the Issuer or its designee (as defined below) and all calculations made by the Calculation Agent shall, in the absence of manifest error, be conclusive for all purposes and binding on the Bondholders. In the event that any then acting Calculation Agent is unable or unwilling to act, or that such Calculation Agent fails to calculate Rate of Interest for any Interest Period, or that the Issuer proposes to remove such Calculation Agent, the Issuer shall (with not less than five business days' prior written notice to the Fiscal Agent (or such shorter period agreed by the Fiscal Agent)) 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 office or any other office actively involved in such market) to act as an additional calculation agent and make such determination.

Notwithstanding any other provision of these Conditions, in the event there are provisions in these Conditions, the Fiscal Agency Agreement or the ISDA Definitions that require the Calculation Agent to exercise discretion, such references shall be deemed to be references to the Calculation Agent acting upon instruction of the Issuer or the Issuer shall (with not less than five business days' prior written notice to the Fiscal Agent (or such shorter period agreed by the Fiscal Agent)) 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 office or any other office actively involved in such market) to make the relevant determination, or the Issuer shall appoint another entity to act as calculation agent as soon as reasonably practicable after being notified by the Calculation Agent of its inability to exercise such discretion, and the existing Calculation Agent shall be released of its obligations in respect of thereof without liability. The termination of the appointment of the Calculation Agent (whether by the Issuer or by the resignation of such Calculation Agent) shall not be effective unless there exists at least one Calculation Agent appointed under the Bonds.

(g) Benchmark Replacement

(i) *Benchmark Replacement*: If the Issuer or its designees determine on or prior to the relevant Reference Time that a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to the-then current Benchmark, the Issuer shall notify the Bondholders and the Agents in writing and the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Bonds in respect of all determinations on such date and for all determinations on all subsequent dates. None of the Agents shall have any responsibility for making such determination.

(ii) *Benchmark Replacement Conforming Changes*: In connection with the implementation of a Benchmark Replacement, the Issuer or its designees will have the right to make Benchmark Replacement Conforming Changes from time to time. For the avoidance of doubt, any of the Agents shall, at the direction and expense of the Issuer but subject to the receipt by the Agents of the notice pursuant to Condition 5(g)(i), effect such consequential amendments to the Fiscal Agency Agreement and these Conditions as may be required to give effect to this Condition 5(g), provided that none of the Agents shall be obliged so to effect such consequential amendments if in the opinion of the Agents doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or protective provisions afforded to the Agents in these Conditions and the Fiscal Agency Agreement (including, for the avoidance of doubt, any supplemental fiscal agency agreement) in any way. Bondholders' 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 Fiscal Agent, the Paying Agent, the Calculation Agent, the Registrar or the Transfer Agent shall be responsible or liable for any determinations, decisions or elections made by the Issuer or its designees with respect to any Benchmark Replacement or Benchmark Replacement Conforming Changes or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

(iii) *Decisions and Determinations*: Any determination, decision or election that may be made by the Issuer or its designees pursuant to this Condition 5(g), 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:

(a) will be conclusive and binding absent manifest error;

(b) will be made in the sole discretion of the Issuer or its designees, as applicable; and

(c) notwithstanding anything to the contrary in the documentation relating to the Bonds, shall become effective without consent from the Bondholders or any other party.

None of the Agents shall be responsible or liable for any determinations, decisions or elections made by the Issuer or its designee pursuant to this Condition 5(g) or any other changes, and the Agents shall be entitled to rely conclusively on any certifications provided to it in this regard.

For the purposes of these Conditions (and unless otherwise stated):

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

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

(1) 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

(2) 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

(3) 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.

The occurrence of a Benchmark Event shall be determined by the Issuer or its designees and promptly notified to the Agents. For the avoidance of doubt, the Agents shall not have any responsibility for making such determination.

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

(1) 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;

(2) the sum of:

(a) the ISDA Fallback Rate; and

(b) the Benchmark Replacement Adjustment; or

(3) the sum of:

(a) the alternate reference rate that has been selected by the Issuer or its designees 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 bonds 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 designees as of the Benchmark Replacement Date:

(1) 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;

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

(3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designees 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 bonds 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) the Issuer or its designees decide 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 designees decide that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designees determine that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designees determine 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):

(1) in the case of sub-paragraph (1) or (2) of the definition of "Benchmark 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

(2) in the case of sub-paragraph (3) of the definition of "Benchmark 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 the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time, including the 2021 ISDA Interest Rate Derivatives Definitions (as amended or supplemented from time to time);

"**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 (a) if the Benchmark is Compounded SOFR Index, the SOFR Index Determination Time, or (b) if the Benchmark is not Compounded SOFR Index, the time determined by the Issuer or any of its designees after giving effect to the Benchmark Replacement Conforming Change;

"**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.

6 Redemption and Purchase

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to, 6 February 2029 (the "**Maturity Date**"). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 14 (which such notice shall be irrevocable) and in writing to the Fiscal Agent, at their principal amount together with interest accrued to but excluding the date fixed for redemption, if (i) the Issuer and/or the Guarantor (as the case may be) has or will become obliged to pay Additional Tax Amounts (as defined in Condition 8) as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of Hong Kong or 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 2 February 2026, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds (or the Guarantee, as the case may be) then due.

Prior to the giving of any Tax Redemption Notice pursuant to this Condition 6(b), the Issuer (or the Guarantor, as the case may be) shall deliver to the Fiscal Agent (1) 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 Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (2) an opinion, addressed to the Fiscal Agent, of independent tax or legal advisers of recognised standing to the effect that the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment or statement. The Agents 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 condition precedent set out in Conditions 6(b)(i) and 6(b)(ii) above without further enquiry and without liability to the Issuer, the Guarantor or any Bondholder, in which event they shall be conclusive and binding on the Bondholders.

None of the Agents shall be responsible for calculating or verifying any calculations of any amount payable under any Tax Redemption Notice and shall not be liable to the Issuer, the Guarantor, the Bondholders or any other person for not doing so.

(c) Redemption for a Change of Control Event

At any time following the occurrence of a Change of Control Event, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Bonds on the Put Settlement Date at a redemption price equal to 101 per cent. of their principal amount, together with interest accrued to but excluding such Put Settlement Date. To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, substantially in the form scheduled to the Fiscal Agency Agreement, obtainable from the specified office of any Paying Agent (a "**Put Exercise Notice**"), together with the Certificate representing the Bonds to be redeemed, by not later than 30 days following the Change of Control, or, if later, 30 days following the date upon which the Change of Control Event Notice thereof is given to Bondholders by the Issuer in accordance with Condition 14. The "**Put Settlement Date**" shall be the 14th day after the expiry of the period specified above.

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

The Issuer shall give notice (a "**Change of Control Event Notice**") to Bondholders (in accordance with Condition 14) and the Fiscal Agent in writing by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 6(c).

None of the Agents shall be required to monitor or to take any steps to ascertain whether a Change of Control Event or any event which could lead to the occurrence of a Change of Control Event has occurred and none of the Agents shall have any obligation or duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the Change of Control Event and none of them shall be liable to the Issuer, the Guarantor, the Bondholders or any other person for not doing so.

(d) For the purposes of these Conditions:

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

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

(ii) China Minsheng Banking Corp. Ltd. ceases to directly or indirectly own and control 100 per cent. of the issued share capital of the Guarantor; or

(iii) 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.

(e) Purchase

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

(f) Notice of Redemption

All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date, in such place and in such manner as specified in such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Bond (which shall include any Tax Redemption Notice given by the Issuer pursuant to Condition 6(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 6(c)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail.

(g) Cancellation

All Certificates representing Bonds redeemed or purchased by or on behalf of the Issuer, the Guarantor and their respective Subsidiaries may be surrendered to the Registrar for cancellation and, upon surrender thereof, all such Bonds and Certificates shall be cancelled. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Bonds shall be discharged.

7 Payments

(a) Method of Payment

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

(ii) Interest on each Bond shall be paid on the due date to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made in U.S. dollars by wire transfer to the registered account in U.S. dollars maintained by the payee with a bank (the "**registered account**"), details of which appear in the Register at the close of business on the Record Date.

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

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

(b) Payments subject to Fiscal Laws

All payments are subject in all cases to (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 implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.

(c) Payment Initiation

Payment instructions (for value on the due date or, if that is not a Payment Business Day, for value on the first following day which is a Payment Business Day) will be initiated on the due date or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day or, in the case of payments of principal or premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on the first Payment Business Day which the Fiscal Agent is open for business and on which the relevant Certificate is surrendered.

(d) Agents

The Fiscal Agent, the Paying Agent, the Registrar, the Transfer Agent and the Calculation Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Fiscal Agent, the Paying Agent, the Registrar, the Transfer Agent 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 Bondholder. The Issuer and the Guarantor reserve the right, by giving at least 45 days' notice to the Agents, to vary or terminate the appointment of any of the Agents, which notice shall expire at least 30 days before or after any due date for payment in respect of the Bonds and to appoint additional or other Agents, provided that the Issuer and the Guarantor shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar, (iii) a Transfer Agent, and (iv) a Calculation Agent where the Conditions so require.

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 Bondholders in accordance with Condition 14.

(e) Delay in Payment

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day, if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so), or if a wire transfer made in accordance with Condition 7(a)(ii) and Condition 7(c) reaches the registered account of the relevant holder after the due date for payment.

(f) Non-Payment Business Days

If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, "**Payment Business Day**" means a day (other than a Saturday, a Sunday or a public holiday) on which banks and foreign exchange markets are open for business and settlement of U.S. dollar payments in New York City, Hong Kong and the place in which the specified office of the Fiscal Agent is located.

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 Bonds or under the Guarantee shall be made free and clear of, and without set-off or counterclaim 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 Hong Kong or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

In such event, the Issuer (or the Guarantor, as the case may be) shall pay such additional amounts (the "**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond (or the Guarantee, as the case may be):

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

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

(c) *Tax Declaration*: to a holder (or to a third party on behalf of a holder) who could lawfully avoid (but has not so avoided) 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 Fiscal Agency Agreement, Deed of Covenant, the Deed of Guarantee and the Bonds.

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

None of the Agents shall be responsible for paying any tax, duty, assessments, governmental charges, withholding or other payment referred to in this Condition 8 or in connection with the Bonds or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for determining whether the Issuer, the Guarantor, any Bondholder or any other person is liable to pay any tax, duty, charge, assessment, governmental charge, withholding or other payment referred to in this Condition 8, for determining the sufficiency or insufficiency of any amounts so paid, for any failure by the Issuer, the Guarantor, any Bondholder or any third party to pay such tax, duty, assessments, governmental charges, withholding or other payment in any jurisdiction or to provide any notice or information to 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 Bonds without deduction or withholding for or on account of any tax, duty, assessments, governmental charges, withholding or other payment imposed by or in any jurisdiction.

9 Events of Default

If an Event of Default (as defined below) occurs, the holder of any Bond may, by notice in writing given to the Fiscal Agent at its specified office by the holder, declare that such Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest.

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

(a) *Non-Payment*: there has been a failure to pay the principal of or premium (if any) or interest on any of the Bonds when due and in the case of interest, such failure continues for a period of 14 days; or

(b) *Breach of Other Obligations*: the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations under the Bonds, the Fiscal Agency Agreement, Deed of Covenant or the Deed of Guarantee (other than where it gives rise to a right of redemption pursuant to Condition 6(c)) and such default (i) is incapable of remedy or, (ii) being a default which is capable of remedy, remains unremedied for 60 days after any Bondholder has given written notice thereof to the Issuer or the Guarantor, as the case may be (with a copy to the Fiscal Agent at its specified office); or

(c) *Cross-Acceleration*: (i) any other present or future indebtedness of the Issuer, the Guarantor or any of its 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 its 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.$20,000,000 (or its equivalent in any other currency or currencies) (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 9(c) operates); or

(d) *Enforcement Proceedings*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer, the Guarantor or any of the 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 substantial 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 60 days; or

(f) *Insolvency*: the Issuer, 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 substantial 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 substantial part of the debts of the Issuer, the Guarantor or any Material Subsidiary; or

(g) *Winding-up*: an order of any court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution of the Issuer, the Guarantor or any of the Material Subsidiaries, or the Issuer, 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 winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation (A) on terms approved by an Extraordinary Resolution of the Bondholders, 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 any of their respective Subsidiaries in any combination or (ii) a disposal of a Material Subsidiary on an arm's length basis where the assets (whether in cash or otherwise) resulting from such disposal are vested in the Issuer, the Guarantor or any of their respective Subsidiaries in any combination or (iii) a solvent winding up of any Material Subsidiary whereby the undertaking and assets of a Material Subsidiary are transferred to or otherwise vested in the Issuer or the Guarantor (as the case may be) and/or any other Subsidiaries; or

(h) *Nationalisation*: all or any substantial part of the undertakings, assets or revenues of the Issuer, the Guarantor or any of the Material Subsidiaries is seized, condemned or otherwise appropriated by any person acting under the authority of any national, regional or local government; or

(i) *Authorisation and Consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, license, 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 Bonds, the Fiscal Agency Agreement, Deed of Covenant and the Deed of Guarantee, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Fiscal Agency Agreement, Deed of Covenant and the Deed of Guarantee 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 Bonds or the Fiscal Agency Agreement, Deed of Covenant or the Deed of Guarantee; or

(k) *Unenforceability of Guarantee*: the 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 Condition 9(d) to 9(g).

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

(a) whose revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated revenue, as shown by its latest audited income statement is at least five per cent. of the consolidated revenue as shown by the latest audited consolidated income statement of the Guarantor and its Subsidiaries; or

(b) whose net profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated net profit, as shown by its latest audited income statement is at least five per cent. of the consolidated net profit as shown by the latest audited consolidated income statement of the Guarantor and its Subsidiaries 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

(c) whose gross assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated gross assets, as shown by its latest audited balance sheet, are at least five per cent. of the amount which equals the amount included in the consolidated gross assets of the Guarantor and its Subsidiaries as shown by the latest audited consolidated balance sheet of the Guarantor and its Subsidiaries 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

(d) 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 (x) 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 (y) on or after the date on which the first 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 (a), (b) or (c) above of this definition,

provided that, in relation to paragraphs (a), (b) and (c) 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, revenue, net profit or gross 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 revenue, net profit or gross 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 or the Guarantor for payment in respect of the Bonds or the Guarantee shall 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 Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or any Transfer Agent, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity, pre-funding and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 Meetings of Bondholders, Modification and Waiver

(a) Meetings of Bondholders

The Fiscal Agency Agreement contains provisions for convening meetings of Bondholders 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 Fiscal Agency Agreement, Deed of Covenant or the Deed of Guarantee. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if requested in writing by

Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, or interest on, or any premium (if any) payable in respect of the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, or (v) to modify or terminate the Deed of Guarantee, in which case the necessary quorum will be two or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Fiscal Agency Agreement provides that a resolution (A) in writing signed by or on behalf of the holders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding or (B) passed by electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Bonds outstanding ("**Electronic Consent**") shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders. A resolution passed in writing or by Electronic Consent will be binding on all Bondholders whether or not they participated in such resolution.

(b) Modification and Waiver

The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement, if to do so would not be prejudicial to the interests of the Bondholders. In the absence of express notice to the contrary, the Agents are entitled to assume that there is no such modification made or any waiver or authorisation of any breach or proposed breach in respect of the Bonds and the Agents shall be under no obligation to check or verify the accuracy and correctness of any information provided to it by or monitor any performance (financial or otherwise) of the Issuer, the Guarantor or any other person under the Bonds, the Fiscal Agency Agreement, the Deed of Covenant, the Deed of Guarantee or any other agreement or document relating to the transactions herein or therein contemplated. The Agents shall not be liable or responsible to the Issuer, the Guarantor, the Bondholders or any other person for any loss or liability arising from any failure to do so.

(c) Certificates and Reports

The Fiscal Agent may rely conclusively (without further investigation or enquiry) and without liability to Bondholders, the Issuer, the Guarantor or any other person on any report, confirmation, information or certificate or any opinion or advice of any lawyers, accountants, financial advisers, financial institution or any other expert or professional adviser, 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 Fiscal Agent may accept and shall be entitled to rely conclusively on any such report, confirmation, information, certificate, opinion or advice, in which event such report, confirmation, information, certificate, opinion or advice shall be binding on the Issuer, the Guarantor and the Bondholders. The Fiscal Agent shall not be responsible or liable to the Issuer, the Guarantor, the Bondholders or any other person for any loss occasioned by acting on or refraining from acting on any such report, confirmation, information, certificate, opinion or advice.

13 Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing for compliance with the requirements set out in these Conditions in relation to the NDRC Post-issue Filing and for making the subsequent notifications to the Fiscal Agent and the Bondholders) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any other bonds issued pursuant to this Condition 13 and consolidated and forming a single series with the Bonds. Any further bonds forming a single series with the outstanding Bonds shall be constituted by an agreement supplemental to the Fiscal Agency Agreement, a deed supplemental to the Deed of Covenant and be guaranteed by the Guarantor pursuant to a deed supplemental to the Deed of Guarantee or an additional deed of guarantee.

14 Notices

Notices to the holders of Bonds shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday or a public holiday) after the date of mailing. The Issuer shall ensure notices to the holders of the Bonds shall also be published in a manner that complies with the rules and regulations of any stock exchange on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

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

15 Currency Indemnity

The U.S. dollar is the sole currency of account and payment for all sums payable by the Issuer or the Guarantor under or in connection with the Bonds, including damages. Any amount received or recovered in a currency other than U.S. dollar (whether as a result of, or of the enforcement of, a judgement or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or the Guarantor or otherwise) by any Bondholder in respect of any sum expressed to be due to it from the Issuer or the Guarantor (as the case may be) shall only constitute a discharge to the Issuer and the Guarantor to the extent of the U.S. dollar amount which 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 that U.S. dollar amount is less than the U.S. dollar amount expressed to be due to the recipient under any Bond, the Issuer or the Guarantor (as the case may be) shall indemnify it against any loss sustained by it as a result. In any event, the Issuer or the Guarantor (as the case may be) shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 15, it will be sufficient for the Bondholder, 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 Issuer's and the Guarantor's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Bondholder and shall continue in full force and effect despite any other judgement, order, claim or proof for a liquidated amount in respect of any sum due under any Bond or any other judgement or order.

16 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999 but this shall not affect any right or remedy which exists or is available apart from such Act.

17 Governing Law and Jurisdiction

(a) Governing Law

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

(b) Jurisdiction

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds, the Fiscal Agency Agreement, Deed of Covenant and the Deed of Guarantee and accordingly any legal action or proceedings arising out of or in connection with the Bonds, the Fiscal Agency Agreement, Deed of Covenant and the Deed of Guarantee ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor has irrevocably submitted in the Fiscal Agency Agreement, Deed of Covenant and the Deed of Guarantee to the exclusive jurisdiction of such courts and waived any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) Service of Process

The Issuer and the Guarantor have irrevocably agreed to receive service of process at their registered office, currently at 45/F., One Exchange Square, 8 Connaught Place, Central, Hong Kong for the Issuer and the Guarantor, for any Proceedings in Hong Kong. Such service shall be deemed completed on delivery to the Issuer and/or the Guarantor. If for any reason the Issuer or the Guarantor changes its address in Hong Kong, the Issuer and the Guarantor irrevocably agree to as soon as possible notify the Agents and the Bondholders of such change. If for any reason the Issuer or the Guarantor no longer has an address in Hong Kong, the Issuer and the Guarantor irrevocably agree to appoint a substitute process agent in Hong Kong and shall notify the Agents and the Bondholders (in accordance with Condition 14) within 30 days of such change. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) Waiver of Immunity

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

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Global Certificate will contain provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Terms and Conditions set out in this Offering Circular. Terms defined in the Terms and Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions.

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

Under the Global Certificate, the Issuer promises to pay such principal, interest and such other sums and additional amounts (if any) as may be payable under the Terms and Conditions on the Bonds to the registered holder of the Global Certificate on such date or dates as the same may become payable in accordance with the Terms and Conditions.

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive certificates if either Euroclear or Clearstream or any other clearing system selected by the Issuer and approved in writing by the Fiscal Agent and the Registrar (an "**Alternative Clearing System**") is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Issuer at its own expense will cause sufficient individual definitive certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive certificates.

PAYMENT

Each payment 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 a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

TRANSFERS

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

NOTICES

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

MEETINGS

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

EVENTS OF DEFAULT

If principal in respect of any Bonds is not paid when due, the holder of the Bonds represented by the Global Certificate may (subject as provided below) from time to time elect that Direct Rights under the provisions of (and as defined in) the Deed of Covenant (as supplemented and/or amended as at the Issue Date) executed by the Issuer and the Guarantor on or about the Issue Date (an electronic copy of which is available upon prior written request to the Fiscal Agent and which each of the Issuer and the Guarantor acknowledges to apply to the Bonds represented by the Global Certificate) shall come into effect in respect of a principal amount of Bonds up to the aggregate principal amount in respect of which such failure to pay has occurred. Such election shall be made by notice to the Fiscal Agent by the holder of the Bonds represented by the Global Certificate specifying the principal amount of Bonds represented by the Global Certificate in respect of which Direct Rights shall arise under the Deed of Covenant. Upon each such notice being given, the Global Certificate and the corresponding entry in the Register shall become void to the extent of the principal amount stated in such notice, save to the extent that the appropriate Direct Rights shall fail to take effect, for whatever reason.

No such election may however be made unless the transfer of the whole or a part of the holding of Bonds represented by the Global Certificate shall have been improperly withheld or refused. The Global Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

USE OF PROCEEDS

The gross proceeds from the offering of the Bonds will be U.S.$300.0 million. The Group intends to use the net proceeds of the Bonds (after deducting commissions and expenses) for refinancing the Group's existing indebtedness.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Group's consolidated capitalisation and indebtedness as at 31 December 2024 and as adjusted to give effect to the issuance of the Bonds offered hereby before deducting the commissions and other estimated payable by the Issuer (failing whom the Guarantor) in connection with the offering of the Bonds. Investors should read this table in conjunction with the Group's audited consolidated financial statements as at and for the year ended 31 December, 2024 and related notes included elsewhere in this Offering Circular.

	As at 31 December 2024			
	Actual		As adjusted	
	(HK$)	*(U.S.$)*[1]	*(HK$)*	*(U.S.$)*[1]
	(in millions)			
Indebtedness:				
Lease liabilities	56.0	7.2	56.0	7.2
Bank loans	9,370.5	1,206.3	9,370.5	1,206.3
Financial assets sold under repurchase agreements	7,721.4	994.0	7,721.4	994.0
Bonds to be issued[2]	—	—	2,330.3	300.0
Total indebtedness	**17,147.9**	**2,207.5**	**19,478.2**	**2,507.5**
Equity:				
Share capital	4,207.3	541.6	4,207.3	541.6
Reserves	(1,257.4)	(161.9)	(1,257.4)	(161.9)
Total equity attributable to equity shareholders of the company	2,949.9	379.8	2,949.9	379.8
Non-controlling interests	561.6	72.3	561.6	72.3
Total equity	**3,511.5**	**452.1**	**3,511.5**	**452.1**
Total capitalisation[3]	**20,659.4**	**2,659.6**	**22,989.7**	**2,959.6**

Notes:

(1) For convenience only, all translations from Hong Kong dollars into U.S. dollars were made at the rate of HK$7.7677 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 31 December 2024.

(2) Represents the aggregate principal amount of the Bonds to be issued, before deducting commissions and other estimated expenses payable in connection with the offering of the Bonds.

(3) Represents the sum of total indebtedness and total equity.

In the ordinary course of the Group's business, the Group may, from time to time, consider various financing opportunities and incur additional debt, including bank borrowings and bond issuances.

There has been no material adverse change in the consolidated capitalisation and indebtedness of the Group since 31 December 2024.

DESCRIPTION OF THE ISSUER

FORMATION

The Issuer, CMBC International Funding (HK) Limited, was incorporated in Hong Kong on 14 October 2025 with company number 78936803. The Issuer is an indirect, wholly-owned subsidiary of the Guarantor. The registered office of the Issuer is at 45/F., One Exchange Square, 8 Connaught Place, Central, Hong Kong.

BUSINESS ACTIVITY

The Issuer was established with full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and has full rights, power and privileges for the above purposes pursuant to the objects and powers set out in its articles of association. As at the date of this Offering Circular, the Issuer does not carry out and has not carried on any business other than entering into arrangements for the issue of the Bonds and the Issuer has no debt outstanding and contingent liabilities. As at the date of this Offering Circular, the Issuer has no subsidiaries and no material assets or liabilities.

DIRECTORS AND OFFICERS

As at the date of this Offering Circular, the directors of the Issuer are Mr. Liu Yanming (劉彥明) and Mr. Shek Yeung Eric (石陽). As at the date of this Offering Circular, the Issuer does not have any employees.

SHARE CAPITAL

As at the date of this Offering Circular, the authorised share capital of the Issuer is HK$20,000 divided into 20,000 ordinary shares of HK$1.0 each. None of the equity securities of the Issuer was listed or dealt in on any stock exchange and no listing or permission to deal in such securities was being or was proposed to be sought as at the date of this Offering Circular.

FINANCIAL INFORMATION

As at the date of this Offering Circular, the Issuer has not prepared, and does not propose to publish, any financial statements. The Issuer is, however, required to keep proper books of account as are necessary and to file an audit report to the Companies Registry on an annual basis.

LEGAL PROCEEDINGS

As at the date of this Offering Circular, the Issuer is not involved in any litigation or arbitration proceedings, and is not aware of any pending or threatened action against it.

OVERVIEW

The Guarantor, CMBCI is a well-established capital market financial services provider incorporated in Hong Kong, serving as sole overseas offshore investment banking platform of its parent company, CMBC. CMBC is the first national joint stock commercial bank in the PRC primarily founded by non-state-owned enterprises and the only non-state-owned PRC joint stock commercial bank. Since its establishment in 1996, has grown significantly and, as at 30 June 2025, CMBC ranked fifth amongst the listed PRC joint stock commercial banks in terms of total assets, according to public disclosure of PRC joint stock commercial banks. The Guarantor was established by CMBC with the objectives of expanding overseas markets, advancing cross-border financial services, and deepening its internationalisation strategy, thereby achieving a global business layout. Particularly in Hong Kong, CMBCI aims to better support Chinese enterprises in their "Going Global" initiative as well as international clients in their "Investing in China" initiative. Meanwhile, the Guarantor is committed to integrating high-quality financial resources from both domestic and international markets to enhance the global competitiveness of CMBC.

CMBC is dual-listed on the Shanghai Stock Exchange (stock code: 600016.SH) and the Hong Kong Stock Exchange (stock code: 1988.HK) and provides comprehensive financial services through its 146 branch-level institutions (including 41 tier-one branches (excluding the Hong Kong Branch and the London Branch) and 105 tier-two branches (including the remote sub-branches)) and 2,416 business outlets of sub-branches (including 1,254 general sub-branches (including business departments), 1,020 community sub-branches and 142 micro and small business sub-branches) across 139 cities in mainland China as at 30 June 2025. In 2024, CMBC ranked 22nd in the "Top 1000 World Banks" released by The Banker, stood at No. 351 in the "Fortune Global 500" published by Fortune and ranked as "Top 100 Chinese Banks" by the China Banking Association. In 2025, CMBC was awarded "China's Best Implementation of Risk Data and Analytics Technology" and "China's Best Supply Chain Finance Implementation (Joint-Stock Commercial Bank)" by The Asian Banker, a globally authoritative institution, as well as "Golden Bull Award for Banks Supporting Sci-Tech Innovation" at the inaugural Sci-Tech Innovation and Industrial Innovation Conference hosted by China Securities Journal. CMBC's business scale and unique positioning gives itself a strategic importance in the banking system. CMBC has been recognised as a systemically important bank in China by the PBOC and NAFR since 2021.

The Guarantor aligns closely with CMBC Group's objectives and embraces the "One Minsheng" collaborative philosophy. With a mission to empower clients through expert knowledge and robust financial support, the Guarantor plays a pivotal role in expanding CMBC Group's service offerings, providing a full spectrum of investment banking services that cater to every stage of a company's growth. The Guarantor has built a comprehensive investment banking service system that covers the entire lifecycle of enterprises, forming a complete service loop spanning all stages of corporate capital operations. The Guarantor's innovative approach combines "Investment Banking + Investment + Asset Management" to deliver integrated capital solutions, ensuring sustainable growth and success.

The Group is part of the core strategy of CMBC's offshore business, capitalising on CMBC's extensive network and robust customer base in the PRC to underpin the Group's steady and comprehensive growth in the global market. In the ever-changing financial industry, the Group adjusted its strategies promptly to optimise the balance across all business segments, strengthen operational efficiency and risk governance, and maintain a prudent debt profile with ample liquidity. This enables the Group to provide global integrated financial services to institutional, corporate and retail customers spanning diverse sectors. The Group's well-established financial services platform provides a full spectrum of financial offerings covering securities, asset management, investment banking and finance advisory and investment and financing businesses. The Guarantor has been assigned "BBB-" long-term issuer default rating with a stable outlook by Fitch.

The Group is licensed to undertake comprehensive regulated activities in Hong Kong and has obtained the following licences from the SFC: Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management).

The Group provides a diverse range of financial services, which are categorised into the following principal business segments:

Business segments	Principal financial services
Investment banking and finance advisory service	The Group's investment banking and finance advisory service consists of listing sponsorship, equity underwriting, bond underwriting and financial advisory services.
Securities brokerage and margin financing	The Group's securities brokerage and margin financing business consists of brokerage services, margin financing services and wealth management-related business.
Asset management	The Group's asset management business consists of asset management, covering SFC authorised funds (commonly known as public funds), private funds, discretionary managed accounts and investment advisory services, and is committed to providing one-stop, multi-level asset management service solutions to clients based on their needs.

Business segments	Principal financial services
Investment and financing	The Group's investment and financing business consists of fixed-income direct investment, equity investment and structured finance. The Group's investment portfolio mainly includes listed stocks, bonds, unlisted equity and unlisted funds, covering a wide range of sectors including industrials, healthcare, technology, consumer goods, real estate and finance.

Throughout its development in Hong Kong, the Group has established prudent corporate governance and effective risk management and internal control systems to reduce its exposure to credit, liquidity, market and operation risks in the securities and financial services industry.

For the years ended 31 December 2022, 2023 and 2024, the Group's total revenue was HK$1,661.2 million, HK$1,133.7 million and HK$1,037.5 million, respectively. As at 31 December 2022, 2023 and 2024, the Group's total assets were HK$30,469.7 million, HK$20,233.6 million and HK$21,387.8 million, respectively, and the Group's net assets were HK$3,883.9 million, HK$3,102.7 million and HK$3,511.5 million, respectively.

RECENT DEVELOPMENT

Financial Information as at and for the Year Ended 31 December 2025

For the year ended 31 December 2025, as compared to the preceding year, the Group's fee and commission income increased, primarily driven by an increase in fee-based income from equities and bonds underwriting, asset management, IPO sponsorship services and wealth-management related businesses; the Group's impairment losses decreased, primarily attributable to the Group's restructuring of certain historical non-performing bonds and the recovery of a long-overdue margin financing receivable that had previously been fully provisioned. For the year ended 31 December 2025, as compared to net exchange losses in 2024, the Group recorded net exchange gains, primarily attributable to the Group's precise analysis of HKD/USD movements and proactive trading during the favourable mid-2025 window. As at 31 December 2025, compared to 31 December 2024, the Group's total assets increased, primarily attributable to the Group's business expansion; the Group's net assets also increased, primarily attributable to growth in total assets as well as sustained asset returns exceeding financing costs.

The consolidated financial information of the Group as at and for the year ended 31 December 2025 is derived from the Group's consolidated management accounts, which have not been subject to an audit by the Group's independent auditors and may be subject to further adjustments. Such financial information should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit. Such financial information as at and for the year ended 31 December 2025 should not be taken as an indication of its audited financial statements as at and for the year ended 31 December 2025. Potential investors must exercise caution when using such financial information to evaluate the Group's financial information and results of operations. None of the Joint Lead Managers or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them makes any representation or warranty, express or implied, regarding the accuracy of such consolidated financial information or its sufficiency for an assessment of. See "*Risk Factors — Risks Relating to the Group's Business and Industry — Investors should not place any reliance on the financial information which is unreviewed or unaudited and shall not place undue reliance on the discussion of material financial trends in relation to the Group's unaudited and unreviewed financial information*".

COMPETITIVE STRENGTHS

The Group believes that the following strengths have contributed to its success and differentiated itself from other competitors:

Strong Support from and Synergistic Advantages with CMBC

The Group serves as the exclusive overseas investment banking platform for CMBC. In 2024, CMBC ranked 22nd in the "Top 1000 World Banks" released by The Banker, stood at No. 351 in the "Fortune Global 500" published by Fortune and ranked as "Top 100 Chinese Banks" by the China Banking Association. Benefiting from CMBC's leading market position, solid capital base and extensive client network in mainland China, the Group enjoys strong parental support and unique synergies in conducting cross-border financial services. Because of the Group's strategic position in CMBC Group, the Group received strong support from and synergistic advantages with CMBC in the following ways:

- ***Solid Backing of Brand and Capital Strength***: As a systemically important and widely recognised large commercial bank in China, CMBC provides the Group with significant brand credibility and credit standing. The Guarantor benefits from its parent bank's reputation and financial strength, which enhance its participation in international capital markets, foster long-term counterparty relationships, improve access to diversified and cost-efficient funding channels, and underpin compliance with increasingly stringent regulatory and capital requirements.

- ***Seamless Cross-Border Synergy and Client Resource Integration***: CMBC has an extensive corporate client base and numerous high-net-worth individual clients across diverse industries. As CMBC's overseas financial extension, the Group is deeply integrated into CMBC's domestic and international operations and serves as CMBC Group's key overseas financial service platform. Through established "headquarter-to-headquarter" and "domestic-overseas" collaboration mechanisms with CMBC's branch network, the Group efficiently identifies and addresses clients' cross-border needs, including offshore financing, overseas bond issuance, mergers and acquisitions, overseas listings and global asset allocation. This close collaboration provides the Group with a stable pipeline of quality clients, deepens client insights, supports tailored financial solutions and enables seamless, one-stop integrated financial solutions.

- ***Extensive Resources and Expertise Across the Entire Business Chain***: As a full-service financial group, CMBC provides the Group with access to comprehensive resources and professional expertise in commercial banking, transaction banking, asset management and private banking. The Group effectively integrates and leverages these capabilities to enhance its investment banking services, improve execution efficiency and boost overall competitiveness in overseas markets.

- ***Long-term Strategic Commitment and Resource Investment***: As a key component of CMBC's long-term strategy, the Group's development is further supported by CMBC's unwavering commitment and continuous investment in capital support, talent acquisition, technology infrastructure and strategic resilience. Unlike market-driven institutions focused on short-term returns, the Group operates within CMBC Group's strategic framework, emphasising long-term capability building and forward-looking business development. This approach allows the Group to maintain strategic stability and achieve sustainable, prudent growth amid volatile global financial markets.

Diversified Licensed Platform and Integrated Service Capabilities

The Group operates a diversified licensed platform in Hong Kong, holding SFC licenses for Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities. Through its licensed operations and equity participation in securities, asset management and futures-related entities, the Group has established an integrated full spectrum financial service sufficient to provide cross-market and cross-currency one-stop financial solutions tailored to the needs of clients.

Specialised Cross-border Service Capabilities

The Group has developed specialised cross-border service capabilities, supported by professional teams with international experience and strong familiarity with both mainland China and overseas market practices. Focusing on Chinese enterprises' global expansion, cross-border mergers and acquisitions, restructuring transactions and offshore bond issuance, the Group leverages its deep knowledge of regulatory frameworks and market dynamics across jurisdictions to deliver compliant, efficient and customised financial solutions. This dual-market expertise enhances transaction execution quality and reinforces the Group's position as a leading offshore investment banking platform for Chinese clients.

Robust Risk Management Framework and Sound Corporate Governance

The Group operates under Hong Kong and international regulatory standards and has established a comprehensive risk management and internal control framework that aligns with CMBC's policies while being tailored to overseas market conditions. See "— *Risk Management*" for further details. This framework supports prudent risk governance and disciplined business development. The Group maintains a clear corporate governance structure with defined responsibilities and efficient decision-making mechanisms, combining international governance practices with the coordination advantages of a Chinese-funded financial institution, thereby ensuring stable and compliant operations.

Professional Management Team with Extensive Knowledge and Experience

The Group features a professional team dedicated to delivering top-tier investment and financial services, with expertise spanning a wide range of sectors. The Group's operations are managed by executives with extensive industry experience and a proven track record in financial institutions, regulatory bodies and securities exchanges. The board of directors of the Guarantor has extensive experience in the financial services industry. See "*Directors and Senior Management of the Guarantor — Board of Directors*" for further details. The Group recognises the importance of a skilled workforce and has adopted various initiatives to attract talented professionals, such as offering competitive remuneration packages, promoting staff development and encouraging career advancement. The expertise of the management team enables the Group to adjust its business strategies on a timely basis based on market trends and client needs so as to maintain its competitive advantages.

BUSINESS STRATEGIES

Under the "One Minsheng" strategy, the Group executes CMBC Group's strategic goals with an emphasis on enhancing cross-border financial services. As a licensed institution in Hong Kong with an integrated investment banking platform, the Group is dedicated to developing licensed, fee-based businesses while maintaining a capital-efficient, light-asset operating model.

As part of CMBC's international expansion plan, the Group aims to maximise synergies within the Group's global network and capitalise on its Hong Kong operations to drive cross-border business collaboration. The Group is committed to providing comprehensive, one-stop financial solutions that cater to the diverse needs of CMBC's corporate and institutional clients across various markets. At the same time, the Group continues to enhance its corporate governance framework, strengthen risk management capabilities and actively explore strategic and emerging sectors such as green finance, sustainable bonds and digital transformation. Proactively aligning with global ESG initiatives and pursuing sustainable, high-quality growth, the Group aims to boost its long-term competitiveness and create lasting value for shareholders and investors.

AWARDS AND RECOGNITIONS

The Group has received numerous awards and recognitions from industry associations and relevant organisations. Set forth below is a list of significant awards and recognitions the Group recently received:

- in 2023, CMBC Asset Management Company Limited ("**CMBC Asset Management**"), a subsidiary of the Guarantor, ranked third for three consecutive quarters in the "2023 Hong Kong Offshore Chinese Greater China Bond Public Fund One-Year Performance List" and "Three-Year Performance List" jointly announced by Wind Information and the Chinese Asset Management Association;

- in 2024, CMBC Asset Management received the "China Offshore Bonds (Three Years)" Investment Performance Award in the 2024 Professional Investment Awards held by the Insights & Mandate magazine of Hong Kong;

- in July 2024, CMBC International Capital Limited ("**CMBC International Capital**"), a subsidiary of the Guarantor, received the "Chinese Star Investment Bank in Capital Markets" award from an independent judging panel at the 2024 "China Finance Awards Ceremony" hosted by China Financing magazine;

- in November 2024, CMBCI received the "Best ESG Financial Services Institution Award" at the "Green Finance Empowerment, Co-creating a Sustainable Future — 2024 Hong Kong International Financial Forum and Hong Kong International ESG List Annual Awards Ceremony" hosted by Hong Kong Ta Kung Wen Wei Media Group;

- in November 2024, Mr. Li Baochen, director and chief executive officer of the Guarantor, received the "2024 China Securities Industry Investment Banking Junding Award" by Securities Times;

- in March 2025, CMBC Asset Management, a subsidiary of the Guarantor, received the "China Offshore Bonds (Three Years)" Investment Performance Award in the 2025 Professional Investment Awards held by the Insights & Mandate magazine of Hong Kong;

- in March 2025, CMBC Asset Management received the "Greater China Fixed Income Hedge Fund (Three Years)" Investment Performance Award by the Insights & Mandate magazine of Hong Kong for the first time;

- in March 2025, CMBC Asset Management ranked first in the "Three-Year Greater China Bond Fund Performance List", third in the "Three-Year Bond Fund Performance List", and fourth in the "One-Year Greater China Bond Fund Performance List" in the "Q4 2024 Hong Kong Offshore China-Funded Public Funds Performance List" jointly released by Wind and the Hong Kong Association of China-Funded Funds;

- in 2025, the CMBC Aggregate Greater China Select Bond Fund, under the management of CMBC Asset Management, ranked first in the "Three-Year Greater China Bond Fund Performance List" in the "Hong Kong Offshore Chinese Public Fund Performance List" jointly announced by Wind Information and the Chinese Asset Management Association of Hong Kong for the first quarter of 2025;

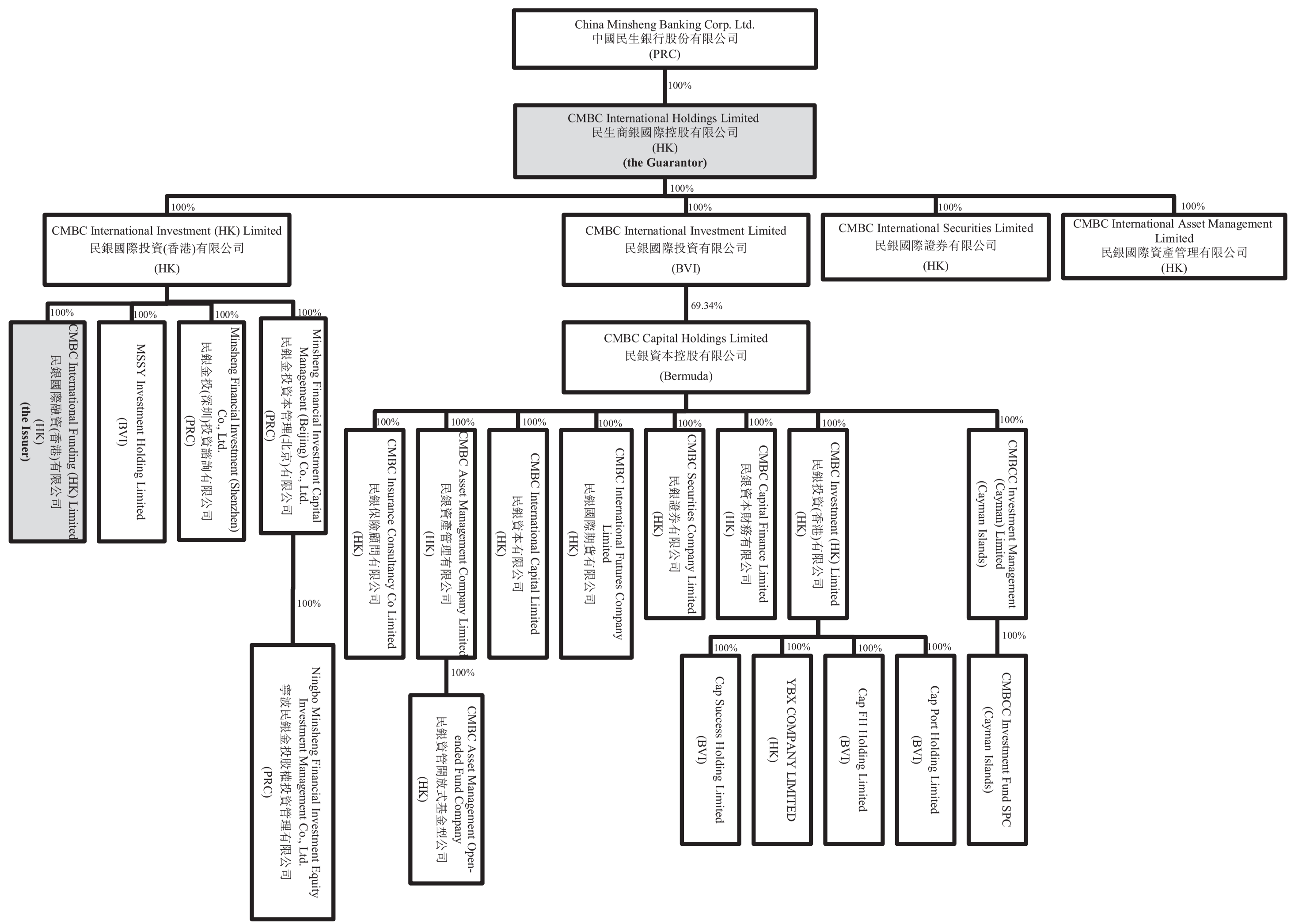
- in 2025, the CMBC Aggregate Greater China Strategy Fund, under the management of CMBC Asset Management, ranked fourth in the "One-Year Hybrid Fund Performance List" for the first time jointly announced by Wind Information and the Chinese Asset Management Association of Hong Kong for the first quarter of 2025;

- in May 2025, CMBC Asset Management ranked first in the "Third-Year Bond Fund Performance List" and fourth in the "One-Year Mixed Fund Performance List" in the "Q1 2025 Hong Kong Offshore China-Funded Public Funds Performance List" jointly released by Wind and the Hong Kong Association of China-Funded Funds; and

- in November 2025, CMBCI received the "MPF Good Employer Award", the "Electronic Contribution Award" and the "MPF Promotion Award" from the Mandatory Provident Fund Schemes Authority of Hong Kong for the 2024–2025 period.

SHAREHOLDING STRUCTURE OF THE GROUP

The following chart sets out the simplified shareholding and corporate structure of the Group as at the date of this Offering Circular:



KEY SUBSIDIARIES OF THE GUARANTOR

The Group carries out licenced business activities, primarily through its wholly-owned subsidiaries. An overview of each of the key subsidiaries as at the date of this Offering Circular is set out below.

Company name	Type	Shareholding ratio	Place of incorporation	Registered capital	Principal activities
		(per cent.)			
CMBC Capital	Non-wholly-owned subsidiary (indirect shareholding)	69.34	Bermuda	HK$1,000.0 million	Listing entity of the Group (1141.hk)
CMBC International Investment (HK) Limited	Wholly-owned subsidiary (direct shareholding)	100.00	Hong Kong	HK$602.1 million	Investment and financing
CMBC Securities Company Limited ("**CMBC Securities**")	Non-wholly-owned subsidiary (indirect shareholding)	69.34	Hong Kong	HK$2,500.0 million	Securities brokerage and margin financing, equity financing, equity underwriting and bond underwriting services
CMBC International Futures Company Limited	Non-wholly-owned subsidiary (indirect shareholding)	69.34	Hong Kong	HK$50.0 million	Futures and options dealing services
CMBC Asset Management	Non-wholly-owned subsidiary (indirect shareholding)	69.34	Hong Kong	HK$12.0 million	Asset management services
CMBC International Capital	Non-wholly-owned subsidiary (indirect shareholding)	69.34	Hong Kong	HK$65.0 million	Advisory and corporate financing

BUSINESS ACTIVITIES

The Group generates its revenue primarily through four principal business segments: (i) investment banking and finance advisory, (ii) securities brokerage and margin financing, (iii) asset management and (iv) investment and financing. The Group, through the Guarantor's various subsidiaries, is licensed to undertake comprehensive regulated activities in Hong Kong and has obtained and continues to maintain the following licences from the SFC: Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management).

The table below sets out the Group's total revenue by business segment for the years ended 31 December 2022, 2023 and 2024:

	For the year ended 31 December					
	2022		2023		2024	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
	(HK$ million)	*(%)*	*(HK$ million)*	*(%)*	*(HK$ million)*	*(%)*
Investment banking and finance advisory[(1)]	44.7	2.7	59.4	5.2	76.9	7.4
Securities brokerage and margin financing[(2)].	17.2	1.0	19.3	1.7	21.2	2.0
Asset management[(3)]	10.1	0.6	8.5	0.8	6.8	0.7
Investment and financing[(4)].	1,569.9	94.5	997.2	88.0	912.0	87.9
Miscellaneous[(5)]	19.3	1.2	49.3	4.3	20.5	2.0
Total revenue	**1,661.2**	**100.0**	**1,133.7**	**100.0**	**1,037.5**	**100.0**

Notes:

(1) The revenue generated from the Group's investment banking and finance advisory business represents the aggregate of financial advisory, sponsorship, arrangement fee and other service income as well as underwriting, sub-underwriting, placing and sub-placing commission income. For further details, please refer to "*Notes to the Consolidated Financial Statements — 4. Interest income*" and "*Notes to the Consolidated Financial Statements — 5. Fee and commission income*" of the Audited Financial Statements.

(2) The revenue generated from the Group's security brokerage and margin financing business represents the aggregate of interest income from margin clients as well as brokerage and related service income. For further details, please refer to "*Notes to the Consolidated Financial Statements — 4. Interest income*" and "*Notes to the Consolidated Financial Statements — 5. Fee and commission income*" of the Audited Financial Statements.

(3) The revenue generated from the Group's asset management business represents the asset management fee and performance fee income, as indicated in "*Notes to the Consolidated Financial Statements — 5. Fee and commission income*" of the Audited Financial Statements.

(4) The revenue generated from the Group's investment and financing business represents the aggregate of interest income from loans and receivables, interest income from debt securities investments as well as dividend income. For further details, please refer to "*Notes to the Consolidated Financial Statements — 4. Interest income*" of the Audited Financial Statements.

(5) The Group's miscellaneous revenue represents the aggregate of interest income from balance with banks and interest income from other financial institutions and others. For further details, please refer to "*Notes to the Consolidated Financial Statements — 4. Interest income*" of the Audited Financial Statements.

Investment Banking and Finance Advisory Service

Overview

The Group's investment banking and finance advisory service is primarily conducted through the Guarantor's subsidiaries, including CMBC International Capital and CMBC Securities. The Group's investment banking and finance advisory service includes listing sponsorship, equity underwriting, bond underwriting and financial advisory services. The Group's investment banking and finance advisory team possesses extensive international financial expertise and experience, which enables the Group to provide the best solutions to meet its clients' financial and advisory needs. The Group provides financing, underwriting and financial advisory services which cover the life cycle of an enterprise's development. These services are designed to create value for corporate clients and international financial institutions by supporting their growth and capital needs throughout various stages of their business evolution.

For the years ended 31 December 2022, 2023 and 2024, the Group's investment banking and finance advisory service generated total revenue of HK$44.7 million, HK$59.4 million and HK$76.9 million, respectively, accounting for 2.7 per cent., 5.2 per cent. and 7.4 per cent. of the Group's total revenue, respectively.

Listing Sponsorship

The Group is committed to developing its listing sponsorship business, with primary focus on high-quality PRC companies that qualify for and seek listing on the HKSE, and that are expected to maintain an anticipated long-term business relationship with the Group's various business segments. Over the years, the Group has grown to be one of the most active players in the Hong Kong IPO market, successfully sponsoring the listing on the HKSE for companies such as Newtrend Group Holding Co., Ltd., Yoc Group, Huoli Group Holdings Limited, Star Plus Legend Holdings Limited, Vanov Holdings Company Limited, Yoho Group Holdings Limited, Rego Interactive Co., Ltd, Deepexi Technology Co., Ltd. and Anhui Jinyan Kaolin New Materials Co., Ltd., while achieving steady growth in listing sponsorship revenue. The Group's solid performance in its listing sponsorship business has strengthened the Group's position as one of the most important PRC-based investment banks in the Hong Kong IPO market. For the years ended 31 December 2022, 2023 and 2024, the Group assisted in the submission of five, two and three listing applications on the main board of the Hong Kong Stock Exchange, respectively.

Equity Underwriting

Equity underwriting is one of the core strengths of the Group's investment banking and finance advisory business. The Group participates in IPO equity underwriting projects and Hong Kong stock new share placement projects, serving as joint overall coordinator and joint global coordinator in listing projects and as joint bookrunner in IPO projects. The Group serves a wide range of clients, including large state-owned enterprises and well-known privately owned enterprises. The Group, with its excellent underwriting ability, completed a total of 15, 12 and 22 stock underwriting projects, respectively, in 2022, 2023 and 2024.

The Group's landmark equity underwriting transactions since 2022 include:

- Mirxes Holding Company Limited (Hong Kong IPO equity underwriting);
- Auntea Jenny (Shanghai) Industrial Co., Ltd. (Hong Kong IPO equity underwriting);
- PegBio Co., Ltd. (Hong Kong IPO equity underwriting);
- MetaLight Inc. (Hong Kong IPO equity underwriting);
- JINGDONG Industrials, Inc. (Hong Kong IPO equity underwriting);
- Green Tea Group Limited (Hong Kong IPO equity underwriting);
- Mobvoi Inc. (Hong Kong IPO equity underwriting);
- Dida Inc. (Hong Kong IPO equity underwriting);
- Mao Geping Cosmetics Co., Ltd. (Hong Kong IPO equity underwriting); and
- ZEEKR Intelligent Technology Holding Limited (U.S. IPO underwriting).

Bond Underwriting

The Group's bond underwriting services involves underwriting public offerings and private placement of investment grade and high yield bond issuances. Leveraging CMBC's extensive branch network, the Group provides a full range of bond issuance services to help sophisticated corporate clients access international capital markets for financing, which includes assisting with bond issuance structures, advising on bond terms, placing bonds with professional investors and acting as rating consultants to secure international credit ratings. This enables in-depth engagement with clients across different regions and industries and provides customised, multi-currency cross-border debt financing solutions.

As one of the flagship business segments of the Group, the bond underwriting business has been developing steadily and healthily. For the years ended 31 December 2022, 2023 and 2024, the Group completed 90, 113 and 264 offshore bond issuance, respectively, and its market ranking rose from 17th in 2022 to eighth in 2024. For the year ended 31 December 2024, the Group achieved a total issuance size over U.S.$53 billion. As global coordinator for bond underwriting, the Group has seen its completed projects rise from 13 in 2022 to 36 in 2024, reflecting a significant improvement in project leadership and enhanced client recognition.

While actively driving the steady development of its bond underwriting business, the Group strictly controls the underwriting risks and maintains high-quality issuers base. The Group's clientele includes banks, non-banking financial institutions, large local state-owned enterprises and urban investment enterprises with good ratings. The Group is involved not only in offshore bond projects for large financial institutions and central and state-owned enterprises but also actively supports high-quality private enterprises, demonstrating CMBC's commitment to its development philosophy of supporting the private sector. Landmark projects completed by the Group include those for Baidu, Inc., New Hope Group Co., Ltd. and China Mengniu Dairy Company Limited. The Group's debt capital market department also provides certain important clients with international rating advisory services.

The honours and awards received by the Group include but not limited to:

- China Offshore Bond DMI: 2024 Outstanding DCM House; and

- Golden Duration 2024 China Offshore Bonds: Outstanding Underwriter — LGFV Category.

Financial Advisory Services

The Group offers clients financial advisory services on various types of transactions, including but not limited to M&A, privatisations of Hong Kong listed companies and corporate restructuring. The Group charges advisory fees based on the type, size and specific terms of the transactions. With extensive experience advising buyers and sellers on acquisitions of listed companies, privatisations, disposals and related transactions, the Group professionally manages the entire transaction process based on clients' specific needs. The Group offers loans and other financing solutions to address clients' capital requirements during transactions. In addition, it provides customised, one-stop financial consulting services, supporting clients throughout the entire project execution.

In 2024, the Group acted as an independent financial advisor to Wanguo Gold Group Limited (a company listed on the HKSE; 3939.HK) in the completion of a connected transaction and the issue of consideration shares and acted as financial advisor in the simultaneous implementation of a privatisation and a very substantial disposal. In October 2024, the Group acted as the financial advisor to the wholly-owned subsidiary of MayAir Technology (China) Co., Ltd. (a company listed on the STAR Market of the Shanghai Stock Exchange: 688376.SH), providing advisory services for its privatization of CM Hi-Tech Cleanroom Limited (a company listed on the HKSE: 2115.HK) via a scheme of arrangement. This marked the first case of a STAR Market-listed company acquiring a Hong Kong-listed entity. In January 2025, the Group served as the financial advisor to Grace Wine Holdings Limited (a company listed on the HKSE: 8146.HK), assisting the company in undertaking a very substantial disposal and distributing a special dividend to its shareholders.

Securities Brokerage and Margin Financing

Overview

The Group's securities brokerage and margin financing business is primarily conducted through the Guarantor's subsidiary, CMBC Securities, which mainly includes brokerage services, margin financing services and wealth management-related services.

For the years ended 31 December 2022, 2023 and 2024, the Group's securities brokerage and margin financing business generated total revenue of HK$17.2 million, HK$19.3 million and HK$21.2 million, respectively, accounting for 1.0 per cent., 1.7 per cent. and 2.0 per cent. of the Group's total revenue, respectively.

Brokerage Services

The Group offers comprehensive securities brokerage and margin financing services, covering listed stocks, exchange-traded funds (ETF), warrants, exchange-traded bonds, exchange-traded real estate investment trusts (REIT) and other market securities. The Group offers initial public offerings financing subscription services to help clients capture investment opportunities for new listings. The Group's brokerage business serves different types of clients, helping them to capture investment opportunities in the PRC, Hong Kong and the global market.

Commissions and Fees

The Group charges commissions and fees for transactions executed through its physical trading counters and online trading platform. Such commissions and fees are charged based upon fixed rates. In addition to executing trading orders, the Group provides other value-added services, including data analysis and investment advice guided by its strong research capability, extensive network coverage and deep understanding of capital markets. As the Group's revenue is directly affected by the level of market activity and trading volume through its trading platforms, its securities and futures brokerage business is dependent upon the prevailing economic environment and general market sentiment.

Online and Mobile Trading Platforms

The Group provides a wide range of online securities and futures trading systems, mobile trading systems and fund-buying platforms, with different functions and layout styles to cater to different types of clients. Clients may install terminal software on their local computers or a mobile application such as “民赢未來” APP to access the Group’s online trading platforms for conducting real-time trading in securities, as well as subscribing for shares in initial public offerings in Hong Kong, United States and etc. “民赢未來” is a one-stop overseas investment platform developed by the Guarantor. It integrates global market trading, real-time data tracking, expert research and intelligent services. The platform supports various investments, covering mainstream markets such as the U.S. stock market, Hong Kong stock market and overseas funds. The online trading platform allows clients to place orders, view account information and balances and check trading positions, transaction status and trading history. The Group’s online trading system sends electronic notifications of executed orders and generates order confirmations. Online brokerage clients of the online trading system can give instructions to transfer funds to and from their own accounts maintained with certain designated banks.

Margin Financing Services

The Group offers margin financing services to its clients to increase their funding flexibility and leverage for their investment. The Group’s margin financing business includes provision of stock secured financing for retail, corporate and high net-worth clients requiring finance for purchasing securities. As at 31 December 2024, the amount of margin loan advances outstanding (after deducting impairment allowance) was HK$373.4 million.

The Group adopts stringent criteria for assessing new clients and maintains a robust risk management system to support its margin financing business. Clients seeking margin financing must first maintain a brokerage account with the Group, demonstrate sound credit history and exhibit strong risk tolerance. Clients are also required to deposit securities, primarily Hong Kong-listed bonds and certain securities listed in the PRC, from their accounts as collateral, with margin financing typically secured by the relevant purchased securities. Each client receives a maximum credit limit determined by collateral quality, financial background, total assets held with the Group and overall creditworthiness.

Interest Rate

The Group’s margin financing agreements with clients typically specify terms such as the loan lending amount, maturity date and interest rate. Interest rates are determined with reference to the prevailing market interest rate, credit standing of relevant clients and the quality of pledged securities.

Wealth Management-related Business

The Group’s wealth management-related business is positioned to offer clients professional, globally integrated asset allocation services, reinforcing the Group’s integrated cross-border financial service capabilities. The Group, through its core competitive advantage of customised asset allocation solutions and professional services, combined with abundant client-side resources, has formed a diversified product and service synergy matrix. The Guarantor established the Wealth Management Department in mid-2024, primarily targeting high-net-worth and ultra-high-net-worth clients, providing regional wealth management services. In the same year, the Group launched U.S. stock and Hong Kong futures trading services and conducted a comprehensive review and optimisation of the Hong Kong stock IPO, bond trading process and bookkeeping system. In 2025, the Group further expanded its product offerings by successively launching global futures, structured notes and over-the-counter derivatives.

The Group's core competitiveness stems from three pillars: (i) Hong Kong's international financial hub advantages enabling strong global product selection and execution; (ii) a professional investment research team providing macro-driven asset allocation advice; and (iii) specialised services providing differentiated structured solutions.

To expand its client base, the Wealth Management Department has formed two specialised client relationship teams targeting the high-end market, with professional investors accounting for approximately 24 per cent. of the newly opened accounts for the year ended 31 December 2025. The Wealth Management Department is also actively pursuing external collaborations by establishing referral partnerships with introducing broker and external asset managers. These initiatives have led to client referral agreements with multiple institutions, effectively driving business growth.

Asset Management

The Group's asset management business is primarily conducted through the Guarantor's subsidiary, CMBC Asset Management. CMBC Asset Management provides services to institutional investors, corporate investors and high-net-worth individuals. The Group's asset management business includes asset management, covering public funds, private funds, discretionary managed accounts and investment advisory services, and is committed to providing one-stop, multi-level asset management service solutions to clients based on their needs. Among which, there are two major categories of public funds issued, including bond funds and debt-equity hybrid funds. Private funds include private equity-investment funds, hybrid multi-strategy funds, bond-type structured funds and money market funds, etc.

Consistent with industry norms, the total revenue for the asset management business is primarily derived from the management fees and performance fees, each of which is adjusted depending on the specific nature of the fund and the client. Other parameters of calculating the fees include liquidity, size and investment period plus asset class.

For the years ended 31 December 2022, 2023 and 2024, the Group's asset management business generated total revenue of HK$10.1 million, HK$8.5 million and HK$6.8 million, respectively, accounting for 0.6 per cent., 0.8 per cent. and 0.7 per cent. of the Group's total revenue, respectively.

In 2022, facing various unfavourable factors, such as continuous resurgence of the COVID-19 pandemic, the rapid and frequent rate hikes of the US Federal Reserve, continuous exposure to the risks of bonds issued by Sino-invested real estate enterprises, Russia-Ukraine conflicts and intensified worldwide inflation, as well as the highly volatile global capital markets, the Group's asset management team, by following the principle of being "sensitive to market, loyal to trends, skilled at trading, ready to assume responsibility and strictly self-disciplined", improved the net worth management for asset management portfolios such as funds and specialised accounts, strengthened the management and control on credit risks and market risks, rigorously implemented the concentration management mechanism, continuously stuck to short-term investment strategies and conducted prospective adjustment and deployment, enhanced the risk-resistant capacity of portfolio, steadily increased the quality of portfolio management, thereby driving its results and performance significantly to outperform the related market indices. On 1 August 2022, the Group seized the market opportunities to launch its second public fund — CMBC Aggregate Greater China Strategy Fund, which adopted a hybrid strategy with equity and bonds as an exploration of the advantages of equity-related products, and further enriched the product base of the Group for asset management and better served the needs of the Group's clients. In 2022, the net value of that public fund mounted steadily, taking the leading position among the comparable products of similar categories and bringing stronger return for wealth appreciation of clients. The Group adhered to the green financial philosophy for sustainable development and adopted the Bloomberg PORT Enterprise ESG Solution. To proactively fulfil the requirements in four aspects covering governance, investment management, risk management and disclosure as stated in "Management and Disclosure of Climate-related Risks by Fund Managers" by the SFC, since November 2022, the Group has started to manage and disclose the climate-related risks of each of its investment portfolios and addressed the risks brought by the global climate changes.

In 2023, against the background of rapid interest rate hikes by the US Federal Reserve and significant fluctuations in the capital market, the Group actively responded to the complex and volatile market environment and continued to optimise its investment structure and improve asset quality. The Group started from multiple dimensions such as list access, duration control, yield calculation, concentration management, etc., and focused on the net value management of asset management products, enhanced the risk resistance of the portfolio and made every effort to avoid loss of investment principal in the weak market atmosphere and strived to create profits. As at 31 December 2023, the performance of public funds was in the leading position among its peers. CMBC Aggregate Greater China Select Bond Fund ranked third for three consecutive quarters in the 2023 Hong Kong Offshore Chinese Greater China Bond Public Fund One-Year Performance List and Three-Year Performance List jointly announced by Wind Information and the Chinese Asset Management Association of Hong Kong, and was awarded the "China Offshore Bonds (Three Years)" Investment Performance Award in the 2024 Professional Investment Awards held by the Insights & Mandate magazine. On 23 June 2023, the Group seized the market opportunity and issued its first money market fund. The fund primarily invests in government bonds, central bank bills and deposits or deposit certificates of varying maturities issued by commercial banks primarily operating in Greater China, as well as other lower-risk assets, aiming to create stable returns for investors that match the returns in the cash management market.

In 2024, in the face of macroeconomic challenges such as sharp fluctuations in US bond yields, the US election and geopolitical risks, the Group strengthened its risk control measures, proactively optimised and adjusted its investment strategies and diligently managed the net value of its products, resulting in the satisfactory performance of the net value of its actively managed products. As at 31 December 2024, the performance of public funds was in a leading position with a steady growth in net worth in 2024. Among them, the net value of CMBC Aggregate Greater China Select Bond Fund Class I (USD) increased by approximately 4.35 per cent. and the net value of CMBC Aggregate Greater China Strategy Fund increased by approximately 10.99 per cent. CMBC Aggregate Greater China Select Bond Fund ranked first in the "One-Year Greater China Bond Fund Performance List" in the "Hong Kong Offshore Chinese Public Fund Performance List" jointly announced by Wind Information and the Chinese Asset Management Association of Hong Kong for the first quarter of 2024 for the first time, and ranked third in the "Three-Year Greater China Bond Fund Performance List" for the sixth consecutive quarter and was awarded the "China Offshore Bonds (Three Years)" Investment Performance Award in the 2024 Professional Investment Awards held by the Insights & Mandate magazine. Meanwhile, in response to the development trend of local asset management and wealth management business in Hong Kong, the Group successfully applied for and established an open-ended fund company in Hong Kong.

On 15 September 2025, the first public money market fund approved by the SFC, CMBC Aggregate USD Money Market Fund, officially launched. This fund stands out as Hong Kong's inaugural publicly offered money market fund authorised by the SFC, aiming to offer investors a regulated, USD-denominated option for stable, short-term investments in high-quality instruments.

Investment and Financing

Overview

The Group's investment and financing business includes the fixed-income direct investment, equity investment and structured finance. The Group's investment portfolio mainly includes listed stocks, bonds, unlisted equity and unlisted funds, covering a wide range of sectors including industrials, healthcare, technology, consumer goods, real estate and finance.

For the years ended 31 December 2022, 2023 and 2024, the Group's investment and financing business generated total revenue of HK$1,569.9 million, HK$997.2 million and HK$912.0 million, respectively, accounting for 94.5 per cent., 88.0 per cent. and 87.9 per cent. of the Group's total revenue, respectively.

The Group's investment business divides into proprietary and agency investments. The Group's proprietary arm adopts a risk-neutral strategy with active management and global diversified allocation to mitigate market volatility risks. Supported by rigorous independent risk control and real-time monitoring, the Group prioritises steady, sustainable returns for its balance sheet over short-term gains.

Fixed-income Direct Investment

The Group's fixed-income direct investment is primarily conducted through the Guarantor and CMBC Investment (HK) Limited, a subsidiary of the Guarantor. Fixed-income direct investment refers to investments that generate a fixed amount of return payable on a fixed schedule during the entire investment period. The Group invests in a wide range of offshore bonds across various industries, including sovereign bonds, investment-grade credit bonds, high-yield bonds and dim sum bonds.

In selecting fixed-income direct investment targets, the Group adopts a top-down analytical framework that combines macroeconomic insights with issuer-level fundamentals. Key considerations include:

- *Macro and Market*: evaluating the growth outlook, monetary and fiscal conditions and market liquidity of major global economies to pinpoint target markets with strong fundamentals, mature institutional frameworks and manageable regional risks;

- *Sector*: focusing on sectors with growth potential and robust fundamentals, such as financial services and public utilities sectors;

- *Issuer and Target*: performing a thorough assessment of issuers' financial strength, industry position, credit profile and liquidity, prioritising those with strong, stable backgrounds and leading market positions; and

- *Core Principles*: following a "best-in-class" selection approach and maintaining strict risk controls to achieve stable and risk-adjusted returns, supporting the Group's long-term risk-neutral investment strategy.

The Group maintains a stable pattern in proprietary investment, which precisely catches up with market trends with the combination of a stable allocation and positive directional trading, hence achieving a satisfactory result in bond investment, with a satisfactory rate of return.

The Group maintains a consistent and stable principle for its proprietary bond investment, adopts revenue-based (including charging fixed contractual interest and receiving gains on disposal) trading strategy. Adopting a top-down/bottom-up approach in its investment analysis, the Group is committed to identifying investment opportunities with sustainable and high-level revenue within limited volatility. The Group adopts a prudent risk management strategy and makes a reasonable risk estimate for its investments in order to strike a balance between risk management and revenue generation. At the same time, the Group adheres to the principle of investment diversification and has established explicit guidelines, and the portfolio shall be diversified by investing in various issuers in a wide range of sectors.

In terms of strategy, the Group actively engages in swing trading by analysing macroeconomic conditions and interest rate trends, thoroughly explores credit spread opportunities, and flexibly utilises instruments such as bond lending and interest rate swaps for precise arbitrage and risk hedging.

Equity Investment

The Group's equity investment is primarily conducted through Minyin Jintou Capital Management (Beijing) Co., Ltd., CMBC International Investment (HK) Limited and CMBC Investment (HK) Limited. The Group invests in both the primary and secondary equity markets by way of funds investment and direct share purchase, leveraging financing flexibility and other resources to facilitate the target companies' development. The Group also engages in proprietary trading.

The Group focuses on the Greater China region, and gradually expanded to other developed regions such as Asia, Europe and the US. The Group concentrates on industries that are in the growth or expansion stage with high competitive barriers and actively sought companies with outstanding core technology advantages and stronger revenue growth and profit potential. The Group also focuses on technological and innovative enterprises and medical and pharmaceutical healthcare enterprises with higher growth potential that comply with the requirements of Chapter 18A of the Listing Rules.

The Group's equity investment business focuses on science and technology innovation enterprises. The Group provides full-cycle and multi-scenario financial support to innovative enterprises through an integrated "investment banking + commercial banking" service system. The Group manages some of its equity investment by setting up investment funds. The Group manages two science and technology innovation funds and one QFLP fund.

In terms of investment strategy, the Group closely monitors the policy trends in international emerging industries, fully integrates CMBC's strategic resources, and focuses its investments on innovative technology enterprises in domestic emerging sectors such as emerging technology, intelligent manufacturing and healthcare sectors. Leveraging its professional investment target screening capabilities, multi-currency investment platforms, as well as extensive experience in corporate investment and financing, restructuring and listing and mergers and acquisitions, the Group provides comprehensive investment management and post-investment value-added services. Through the industry-finance integration model, the Group assists technology and manufacturing enterprises in achieving value enhancement and sustainable development.

The Group generates capital gains from its equity investments primarily through adopting a variety of exit strategies, such as through an initial public offering, selling back through repurchase, transferring to third-party investors or through share sale by its portfolio companies.

Structured Finance

The Group's structured finance business is primarily conducted through CMBC International Investment (HK) Limited. The Group provides customised financing solutions in different structures or forms according to client needs, offering a series of services including transaction structure design, coordination of intermediary institutions and overall financing arrangements. Specific products include syndicated loans, asset-backed loans, acquisition loans, equity pledge financing and bridge financing.

The Group's structured finance business focuses on short-to-mid term financing so as to maintain the flexible configuration and high liquidity of the Group's assets. The Group implements a full-cycle investment management framework covering pre-investment, investment-period and post-investment phases. The Group adopts a prudent development strategy based on risk control for financing. Through putting in place practicable risk control measures and rigorous risk review on each client and each project, the overall credit and operational risks of the loan business are tightly controlled. The Group constantly monitors and adjusts the concentration, maturity profile and risk-to-revenue ratio of its asset portfolio, in order to strike a balance between the overall risk and revenue generation.

As a general principle, the Group chooses clients with good financial position and steady business operation, which enable them to pay loan interest and repay the loan principal in accordance with the proposed repayment schedule, as assessed by the Group before granting loans. All loans are secured or guaranteed to ensure adequate Loan-to-Value coverage. The primary collateral consists of pledges over shares of private or listed companies, real estate, and other physical assets, with a majority of loans also guaranteed by the respective ultimate beneficial owner(s) of the borrowers. The loan terms are determined with reference to factors including the financing costs, clients' requirements, credit assessment on clients (including income of clients), value, liquidity and enforceability of collaterals, prevailing market interest rates for similar loans, prevailing market condition, the term of the loan and the use of proceeds.

The Group has in place policies to control overall credit and operation risk, monitor loan recoverability and manage loan collection. After a loan is granted, the Group's business team and risk management department jointly monitor the financial conditions of the borrowers, as well as the collaterals or the guarantors (if any), on a regular basis, and take appropriate follow-up actions with the counterparties including follow-up calls and site visits if there is a deterioration in the financial condition or a significant decrease in collateral value. The Group monitors the revenue, profit and cash flows, as well as asset quality of borrowers and guarantors to assess their financial conditions, with particular attention to their ability to generate stable profit and cash flows.

Furthermore, the Group reviews the business development of borrowers and guarantors to determine whether their financial performance meets the expectation and whether any milestones have been achieved on schedule. The Group also monitors the size and repayment schedules of other debts held by borrowers and guarantors to assess their repayment ability. In addition, the Group evaluates whether borrowers and guarantors can fund capital expenditures through operating cash flows and external financing. The Group maintains vigilance on news and public information concerning these parties, and for listed companies, it monitors public announcements and disclosed financial information. For the collaterals, the Group values the collaterals regularly on a semi-annual or annual basis. If the collaterals are listed shares, the Group monitors the market performance and price movement on a daily basis. Where the collateral is a real estate, the Group requires a professional third-party valuer to issue a valuation report.

REGULATORY REQUIREMENTS AND COMPLIANCE

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

SFO and the HKSE

Due to the licensing regime of the SFC, in order to engage in the business of the Group, such as securities brokerage and margin financing, asset management and investment banking and finance advisory service, the relevant entities within the Group and their responsible personnel are required to obtain and hold the relevant licences from the SFC and to be in compliance with applicable regulatory requirements from time to time.

Apart from the SFO, the Group's licensed entities and their licensed personnel are required to comply with Hong Kong subsidiary legislation and regulations, codes and guidelines developed by the SFC, as well as rules and regulations introduced and administered by the HKSE and the Futures Exchange. Any broker-dealer that intends to operate a brokerage business for products available on Hong Kong Exchanges and Clearing Limited or which uses the trading facilities of the HKSE and/or Futures Exchange, must be admitted and registered as an Exchange Participant (as defined in the SFO) of that exchange. Becoming an Exchange Participant requires, among other things, the company to be a limited company incorporated in Hong Kong or an individual ordinarily resident in Hong Kong and to meet certain liquid capital requirements.

RISK MANAGEMENT

The Group's management manages and monitors exposures to risks associated with the Group's major financial instruments to ensure appropriate measures are implemented on a timely and effective manner. The Group has established a substantially mature and endogenous overall risk management system and an effective internal control mechanism, which covers all businesses, departments, branches and employees and runs through the processes of decision-making, execution, supervision and feedback. The risk management implemented by the Group fully covers credit risk, liquidity risk, market risk, operational risk, technology risk, legal compliance risk, reputation risk and ethical risk, etc., realising the management control on the overall risk assessment and supervision.

Risk Management Framework

CMBCI has established a comprehensive risk management framework comprising the board of directors, functional committees, core risk management departments and business departments.

The Audit and Risk Management Committee under the board of directors is responsible for formulating, reviewing and overseeing the implementation of risk management and internal control policies and systems. At the management level, dedicated committees evaluate key operational matters and business development plans. Relevant departments, including business, risk management, legal and compliance and internal audit, implement risk controls across the front-, middle-, and back-offices. Business units conduct due diligence and oversee licensed activities, while the Risk Management and Legal and Compliance Departments assess associated risks and compliance matters. The Internal Audit Department conducts independent reviews to ensure operational effectiveness and integrity.

Risks Related to the Group's Business Activities and Management Measures

Risks related to business activities of the Group mainly include credit risk, liquidity risk, market risk, operational risk, legal compliance risk and reputational risk, etc. All the risk management and controls are assigned to different departments according to their roles and responsibilities. The Group pro-actively responds to risks through effective risk management measures, which generally prevents the occurrence of significant risk events and ensures the stable development of the business operation of the Group.

Credit Risk

Credit risk refers to risk that financial loss arises from the failure of a client or counterparty to meet its obligations under a transaction. The Group's credit risk is primarily attributable to loans and receivables, accounts receivables, deposits and other receivables, financial assets at amortised cost, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, derivative financial instruments, interest receivables and bank balances.

The Group attaches great importance to the development and continual management of businesses that have exposures to credit risks and adheres to the principle of prudent assessment in conducting asset-based business. The Group continuously improves the relevant systems and process management rules for various businesses, formulated credit risk management policies, and at the same time conducted detailed specifications in terms of customer onboarding, centralised management and duration tracking, standardised the duration management and asset quality classification requirements, optimised the credit risk management system and improved its capabilities of investment analytic study and management, so as to ensure a constantly optimised portfolio investment structure.

Liquidity Risk

Liquidity risk refers to the risk that the Group will be unable to fund assets or meet its contractual or contingent obligations when they fall due. This risk could potentially arise as a result of a balance sheet mismatch in the amount, tenor and composition of funding and liquidity to support the assets.

The Group has adopted internal measures to monitor liquidity risk and foreseeable funding requirements, broaden financing channels and optimise the credit structure, so as to ensure certain subsidiaries of the Group regulated by the SFO continue to comply with the relevant rules and regulations. The Group has monitored and measured various liquidity indicators, and effectively managed various aspects such as centralised capital management, financing structure and cost aggregation, stress testing and contingency planning.

Market Risk

Market risk refers to potential loss in asset value as a result of adverse market changes, including price risk, interest rate risk and exchange rates risk.

The Group has refined the management of its investment business in the public market, optimised its investment strategy, standardised book classification management, and improved the setting and monitoring of risk limit indicators to cope with the significant market fluctuations. The Group has continued to optimise the mechanism of the market risk control process from the pre-investment analysis and access, investment and transaction management, to post-investment tracking and monitoring, so as to enhance the Group's ability to resist market risk.

The Group has implemented a comprehensive validation procedure for the valuation of all new products and models. This rigorous process ensures the accuracy and reliability of the Group's valuation practices, minimising any potential valuation-related risks.

Operational Risk

Operational risk refers to the risks of losses resulting from failed or defective internal procedures or IT systems, human factors and external events. Operational risk can occur in all business operations and daily operations of the Group, which may eventually lead to other risks such as legal risk, compliance risk and reputational risk.

The Group assesses the potential operational risk across each business line's management process through business process mapping, internal control testing and reviews, while continuously improving internal procedures for all business units. The Group emphasises the risk management awareness and operational effectiveness across its front-, middle- and back-end departments throughout all business processes, while guiding all staff to comply. The Group also strengthens its information security policy and enhances the security of its information systems. It regulates network security, and standardises the management of network security through a system that ensures efficient and orderly operations, prevents security incidents and safeguards the smooth functioning of its various businesses.

Legal and Compliance Risk

Legal and compliance risk refers to the risk of potential legal sanctions, regulatory penalties, significant financial losses and reputational harm resulting from failure to comply with applicable laws and regulations.

The Group has formulated, continuously improved and implemented legal and compliance policies, kept abreast of the development of applicable laws, regulations and rules, emphasised the concept of legal and compliance management and safeguard mechanism, updated and compiled relevant legal and compliance systems and rules, so as to ensure that the Group's operation and business development are lawful and compliant. The Group has also continued to conduct compliance monitoring, staff conduct reviews, training programmes and internal inspection to enhance the awareness of legal and compliance risk and the implementation of operational standards throughout the Group. The Group has also engaged external legal advisers to provide guidance on applicable laws, regulations and rules for the Group and its business.

Reputational Risk

Reputational risk refers to the risk that arises from the behaviour of the Group or its employees or external events that lead to negative evaluations of the Group by stakeholders, the public and the media, thereby damaging the brand value of the Group, adversely affecting the operation and management of the Group and even affecting the market stability and social stability.

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

CAPITAL MANAGEMENT

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

MAJOR CLIENTS

Leveraging synergies from CMBC's extensive client resources and broad network layout, the Group serves institutional clients across a spectrum of business sectors and a diverse group of high-net-worth individual clients from multiple countries and regions. Rooted in CMBC's founding ethos of "*Serving the Public and Caring for Livelihoods*", the Group prioritises resources and business for private enterprises. The Group has built profound strengths in this sector, whereas its state-owned and central state-owned clients are currently concentrated in specific areas such as bond underwriting in the debt capital market sector.

EMPLOYEES

The Group had 146 employees as at 31 December 2024, 93.0 per cent. of whom were based in Hong Kong. The Group has maintained good working relationships with its employees, fostering a stable overall labour relations environment. As at the date of this Offering Circular, the Group does not foresee any difficulties in the recruitment and retention of experienced staff. The Group is committed to developing and nurturing the talent of its employees through the provision of appropriate training and seminars and business cooperation.

IT

The Group's IT department is responsible for designing, developing, operating and maintaining the computer systems of the Group. It aims to deliver secure and reliable systems to support the Group's business operations. It also maintains provision of necessary infrastructure for the business needs and development of the Group. The Group aims to keep its IT systems updated with the goal of achieving higher operational efficiency, provide flexibility for future business needs, respond to market development trends and increase its competitiveness in the markets in which it operates.

INSURANCE

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

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

LEGAL PROCEEDINGS

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

DIRECTORS AND SENIOR MANAGEMENT OF THE GUARANTOR

BOARD OF DIRECTORS

As at the date of this Offering Circular, the Guarantor's Board comprises of five directors, including one chairman and four directors.

The following table sets out information in respect of the Guarantor's Board as at the date of this Offering Circular.

Name	Position
Mr. Gao Yingxin (高迎欣)	Chairman of the Board
Mr. Du Yunfei (杜雲飛)	Director
Mr. Wang Hang (王航)	Director
Mr. Huang Hongri (黃紅日)	Director
Mr. Li Baochen (李寶臣)	Director and chief executive officer

Mr. Gao Yingxin (高迎欣) is the chairman of the Board of the Guarantor. Before joining CMBC, Mr. Gao served as a vice chairman of the board of directors and the chief executive of BOC Hong Kong (Holdings) Limited and Bank of China (Hong Kong) Limited from January 2018 to May 2020, an executive director of Bank of China Limited ("**BOC**") from December 2016 to January 2018, an executive vice president of BOC from February 2015 to January 2018, an executive director and a deputy chief executive of BOC Hong Kong (Holdings) Limited and Bank of China (Hong Kong) Limited from February 2005 to February 2015, the president and chief operating officer of BOC International Holdings Limited from July 2004 to February 2005, the general manager of the Corporate Banking Department of BOC Head Office from June 1999 to July 2004, and a deputy general manager of the Credit Department and a deputy general manager of the Corporate Banking Department of BOC Head Office from September 1996 to June 1999. Mr. Gao was a member of the 13th National Committee of the Chinese People's Political Consultative Conference. Mr. Gao graduated from East China University of Science and Technology with a master's degree in engineering in 1986. He is a senior economist.

Mr. Du Yunfei (杜雲飛) is a director of the Guarantor. Mr. Du currently serves as a general manager of the Corporate Banking Department and Sci-Tech Finance Department at the Head Office of CMBC. Mr. Du previously held various positions in CMBC, including the president of the Hong Kong Branch, the general manager of the Transaction Banking Department at the Head Office, a marketing director and a vice president of the Trade Finance Department at the Head Office, an assistant general manager of the International Business Department and a deputy general manager of the Third Corporate Banking Department at the Shenzhen Branch. Mr. Du previously also served as a clerk in the International Settlement Division of the Inner Mongolia Branch of BOC. Mr. Du holds a master's degree in economics.

Mr. Wang Hang (王航) is a director of the Guarantor. Mr. Wang served as a shareholder supervisor of CMBC as well as a member of the Supervisory Committee and Nomination and Evaluation Committee of the board of supervisors of CMBC. Mr. Wang currently also serves as a founding partner of Beijing Hosen Investment Management Centre (Limited Partnership), a vice chairman of New Hope Group Co., Ltd. and a vice chairman of Sichuan Xinwang Bank Co., Ltd. Mr. Wang previously served as a non-executive director of New Hope Liuhe Co., Ltd. (a company listed on the Shenzhen Stock Exchange; stock code: 000876.SZ) since November 2011, a non-executive director of CMBC during the 4th to 6th terms of the board of directors, a civil servant in the general office of the People's Bank of China, the chairman of the board of directors of Kunming Dashang Hui Industrial Co., Ltd., a vice president of New Hope Group Co., Ltd., a vice chairman of the board of directors of Lianhua International Trust and Investment Co., Ltd., the chairman of board of directors and president of Sichuan South Hope Industrial Co., Ltd., and the general manager of Beijing Shouwang Asset Management Co., Ltd. Mr. Wang graduated from Peking University with a master's degree in economics.

Mr. Huang Hongri (黃紅日) is a director of the Guarantor. Mr. Huang currently serves as an executive vice president of CMBC and the chairman of the board of directors of Minsheng Financial Leasing Co., Ltd. Mr. Huang previously held various positions in CMBC, including a division director of the Information and Planning Centre of the Corporate Banking Department, a marketing director of the Energy Finance Strategic Business Unit, the president of the Nanning Branch, the general manager of the Corporate Banking Department, the general manager of the Corporate Business Strategic Planning Department of the Corporate and Investment Banking Strategic Business Unit, the president of the Guangzhou Branch, the general manager of the Credit Management Department and the general manager of the Credit Approval Department. Mr. Huang graduated from Hunan University with a master's degree in international finance. He is an economist.

Mr. Li Baochen (李寶臣) is a director and the chief executive officer of the Guarantor. Mr. Li currently serves as an executive director, the chairman of the board of directors, the chairman of both the Executive Committee and Strategic Development Committee and a member of the Risk Management and Internal Control Committee of CMBC Capital. Mr. Li has over 20 years of experience in the financial services industry. Prior to joining the Group, Mr. Li served as an executive director and the chief executive officer of China Industrial Securities International Financial Group Limited ("**CISI**"), a company listed on the Hong Kong Stock Exchange; Stock Code: 6058.HK) from 13 January 2020 to 6 December 2022. Mr. Li was also appointed as a director and the chief executive officer of Industrial Securities (Hong Kong) Financial Holdings Limited, the legal representative, an executive director and the general manager of Industrial Securities Consultancy Service (Shenzhen) Company Limited and a director of IS (Hong Kong)

Investment Limited on 31 July 2019, 19 May 2020 and 5 June 2020, respectively. Mr. Li also served as a product manager of Personal Banking of Industrial and Commercial Bank of China, Shenzhen Branch, the general manager of the Market Research and Development Department of China Lianhe Credit Rating Co., Ltd., and the managing director, a deputy general manager and the general manager of the Fixed Income Business Headquarter of Industrial Securities Co., Ltd. (a company listed on the Shanghai Stock Exchange; Stock Code: 601377.SH). Mr. Li graduated from Nankai University with a master's degree in economics in July 2003.

SENIOR MANAGEMENT

The following table sets out information in respect of the Guarantor's senior management as at the date of this Offering Circular:

Name	Position
Mr. Li Baochen (李寶臣)	Director and chief executive officer
Mr. Li Ming (李明).	Deputy general manager
Mr. Chen Cong (陳聰)	Assistant general manager
Mr. Kwok Kei Chi (郭基智)	Chief operating officer

Mr. Li Baochen (李寶臣) is a director and the chief executive officer of the Guarantor. For Mr. Li's profile, please see "— *Board of Directors*" above.

Mr. Li Ming (李明) is a deputy general manager of the Guarantor. Mr. Li has over 22 years of experience in the financial services industry. Mr. Li currently serves as a director and the general manager of CMBC Capital, as well as a member of the Executive Committee, Strategic Development Committee, and Risk Management and Internal Control Committee of CMBC Capital. Prior to joining the Group, Mr. Li held various positions in CMBC and its Hong Kong Branch from 2006 to 2022, with his last position as a vice president (alternate chief executive officer) of the Hong Kong Branch. Mr. Li previously also served as a relationship manager in the Head Office Banking Operation Department (International Business Department) of China CITIC Bank. Mr. Li graduated from the Central University of Finance and Economics with a bachelor's degree in economic information management and a master's degree in business administration.

Mr. Chen Cong (陳聰) is an assistant general manager of the Guarantor. Mr. Chen currently serves as a deputy general manager of CMBC Capital. Since joining CMBC Group in 2019, Mr. Chen has successively held various positions, including a deputy general manager of the First Strategic Client Department of the Financial Business Division and a director of the Second

Strategic Client Centre of the Strategic Client Department. Prior to joining CMBC Group, Mr. Chen served as a vice president of the Corporate Banking Department and Head of China Business at the New York Branch of Agricultural Bank of China. Mr. Chen holds a master's degree.

Mr. Kwok Kei Chi (郭基智), is a chief operating officer of the Guarantor. Mr. Kwok has over 29 years of experience in the financial services industry and is primarily responsible for the management of the Group's operations department, central dealing department and information technology department. Mr. Kwok currently serves as a deputy general manager of CMBC Capital. Prior to joining the Group, Mr. Kwok held various positions in financial institutions, including the head of Greater China Operations and the general manager of operations of CASH Financial Services Group Limited (a company listed on the Hong Kong Stock Exchange; stock code: 0510.HK); the chief operating officer of I-Access Investors Limited, and the head of the Mainland Business Department, the head of the Clientele Department, the assistant chief executive officer, the chief risk officer, and chief compliance and risk officer of CISI. Mr. Kwok graduated from the University of Abertay (formerly known as Dundee Institute of Technology) with a bachelor's degree in accounting and the University of Strathclyde with a master's degree in finance.

This section summarises the principal PRC laws and regulations which are relevant to the Group's business and operations. 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.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, directives and local laws, laws of Special Administrative Regions, laws resulting from international treaties entered into by the PRC government and judicial interpretations. In general, PRC court judgments do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

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

The State Council is the highest organ of the State administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul such administrative rules, regulations, directives and orders.

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

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

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

THE PRC JUDICIAL SYSTEM

Under the PRC Constitution and the Law of Organisation of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts.

The local courts comprise the basic courts, the intermediate courts and the higher courts. The basic courts are organised into civil, criminal, economic, administrative and other divisions. The intermediate courts are organised into divisions similar to those of the basic courts, and are further organised into other special divisions, such as the intellectual property division. The higher level courts supervise the basic and intermediate courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the administration of justice by all other courts.

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

The Civil Procedure Law of the PRC, which was adopted on 9 April 1991 and amended on 28 October 2007, 31 August 2012,22 June 2017, 24 December 2021 and 1 September 2023. respectively, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties involved in a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is first heard by a local court of the municipality or province where the defendant has his/her domicile. The parties to a contract may agree in writing on selection of the People's Court at the location of the defendant's domicile, place of performance of contract, place of execution of contract, address of the plaintiff, location of the subject matter, etc. or a venue which has actual connection with the dispute to be the People's Court which has jurisdiction. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or an order made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the court to request for enforcement of the judgment, order or award. The time limit imposed on the right to apply for such enforcement is two years after the last day of the performance period stipulated in the legal document, and the provisions of the applicable laws on suspension and termination of limitation of action shall apply to suspension and termination of limitation period for application for enforcement. The parties concerned shall perform the civil judgment or ruling which has come into legal effect. Where one party refuses to perform aforesaid civil judgment or ruling, the counterparty may apply to the People's Court for enforcement, or the judge may assign an enforcement officer to carry out enforcement.

A party seeking to enforce a judgment or an order of a court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or order. A foreign judgment or ruling may also be recognised and enforced by a PRC court in accordance with the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination in accordance with the principle of reciprocity, unless the court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

FOREIGN EXCHANGE CONTROLS

The lawful currency of the PRC is 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.

Prior to 31 December 1993, a quota system was used for the management of foreign currency. Any enterprise requiring foreign currency was required to obtain a quota from the local SAFE office before it could convert Renminbi into foreign currency through PBOC or other designated banks. Such conversion had to be effected at the official rate prescribed by SAFE on a daily basis. Renminbi could also be converted into foreign currency at swap centres. The exchange rates used by swap centres were largely determined by the demand for, and supply of, the foreign currency and the Renminbi requirements of enterprises in the PRC. Any enterprise that wished to buy or sell foreign currency at a swap centre had to obtain the prior approval of SAFE.

On 28 December 1993, PBOC, under the authority of the State Council, promulgated the Notice of PBOC Concerning Further Reform of the Foreign Currency Control System, effective from 1 January 1994. The notice announced the abolition of the foreign exchange quota system, the implementation of conditional convertibility of Renminbi in current account items, the establishment of the system of settlement and payment of foreign exchange by banks, and the unification of the official Renminbi exchange rate and the market rate for Renminbi established at swap centres. On 26 March 1994, PBOC promulgated the Provisional Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (the "**Provisional Regulations**"), which set out detailed provisions regulating the trading of foreign exchange by enterprises, economic organisations and social organisations in the PRC.

On 1 January 1994, the former dual exchange rate system for Renminbi was abolished and replaced by a controlled floating exchange rate system, which was determined by demand and supply of Renminbi. Pursuant to such system, PBOC set and published the daily Renminbi-U.S. dollar exchange rate. Such exchange rate was determined with reference to the transaction price for Renminbi-U.S. dollar in the inter-bank foreign exchange market on the previous day. Also, PBOC, with reference to exchange rates in the international foreign exchange market, announced the exchange rates of Renminbi against other major foreign currencies. In foreign exchange transactions, designated foreign exchange banks may, within a specified range, freely determine the applicable exchange rate in accordance with the rate announced by PBOC.

On 29 January 1996, the State Council promulgated the Regulations for the Control of Foreign Exchange of the PRC ("**Control of Foreign Exchange Regulations**") which became effective from 1 April 1996. The Control of Foreign Exchange Regulations classifies all international payments and transfers into current account items and capital account items. Most current account items are subject to the approval by relevant banks that are duly authorised by SAFE to do so, while capital account items are still subject to SAFE approval directly. The Control of Foreign Exchange Regulations was subsequently amended on 14 January 1997. Such amendment affirms that the State shall not restrict international current account payments and transfers. On 1 August 2008, the Control of Foreign Exchange Regulations was further amended pursuant to a resolution of the State Council of China and came into effect on 5 August 2008 (the "**New Forex Regulation**"). Under the New Forex Regulation, foreign currency received under current account by onshore entities will not be asked to be settled into Renminbi automatically, while foreign currency under capital account may also be maintained upon approval. Renminbi will be convertible for current account items (including the distribution of dividends, interest and royalties payments, and trade and service-related foreign exchange transactions) upon presentation of valid receipts and proof certifying the purposes of the conversion of Renminbi into foreign currency to the designated foreign exchange banks. Conversion of Renminbi into foreign exchange and remittance of foreign exchange funds outside the PRC for capital account items, like direct investment, loan, loan guarantee, securities investment, capital contribution and repatriation of investment, is still subject to restriction, and prior approval from SAFE or its competent branch.

On 20 June 1996, PBOC promulgated the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange (the "**Settlement Regulations**") which became effective on 1 July 1996. The Settlement Regulations superseded the Provisional Regulations and abolished the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. Domestic entities seeking to enter into foreign exchange transactions are required to open up foreign exchange accounts for current account or capital account transactions, as the case may be, at banks involved in foreign exchange business. Interest payments for foreign debt may be made from a foreign exchange account of a domestic entity or using foreign exchange purchased at designated foreign exchange banks after the verification of the *bona fide* nature of the transaction by SAFE. Domestic entities may apply to SAFE for approval to purchase foreign exchange by presenting valid documents required by the Settlement Regulations for repayment of foreign debt principal and such payment can be made upon the approval of SAFE.

On 25 October 1998, PBOC and SAFE promulgated the Notice Concerning the Discontinuance of Foreign Exchange Swap Business pursuant to which, and with effect from 1 December 1998, all foreign exchange swap business in the PRC for foreign-invested enterprises was discontinued, while the trading of foreign exchange by foreign-invested enterprises was to be regulated under the system for the settlement and sale of foreign exchange applicable to banks.

On 21 July 2005, PBOC announced that, beginning from 21 July 2005, the PRC will implement a regulated and managed floating exchange rate system based on market supply and demand and by reference to a basket of currencies. The Renminbi exchange rate is no longer pegged to the U.S. dollar only. PBOC will announce the closing price of a foreign currency such as the U.S. dollar traded against Renminbi in the inter-bank foreign exchange market after the closing of the market on each business day, setting the central parity for trading of Renminbi on the following business day.

On 11 August 2015, PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider the closing exchange rate for the last trading date. It is possible that the PRC government could adopt a more flexible currency policy in the future, which could result in further and more significant revaluations of Renminbi against the U.S. dollar or any other foreign currency. Any future exchange rate volatility relating to Renminbi or any significant revaluation of Renminbi may materially and adversely affect the Group's cash flows, operating income, earnings and financial position, as well as the value of any distributions payable to the Guarantor by its PRC subsidiaries.

REGULATIONS REGARDING OVERSEAS INVESTMENT AND ACQUISITION ACTIVITIES

NDRC Supervision

According to the Measures for the Administration of Approval and Filing of Overseas Investment Projects (the "**NDRC Regulation No. 9**") effective from 8 May 2014 and replacing the Interim Measures for the Administration of Verification and Approval of Overseas Investment Projects, which was later amended by the Decision for Amendment of Relevant Articles in the Measures for the Administration of Approval and Filing of Overseas Investment Projects and Measures for the Administration of Approval and Filing of Projects Invested by Foreign Investors issued on 27 December 2014, the approval administration and filing administration shall be respectively applied to different overseas investment projects. Specifically, if the project is related to sensitive countries, areas or industries, the projects shall be subject to the approval of NDRC. Specifically, where the amount of the investment made by the Chinese party is U.S.$2 billion or more, the projects shall be subject to the examination of NDRC and shall then be reported to the State Council for approval. Other than the projects specified above, the other projects shall be subject to the filing administration. Specifically, overseas investment projects carried out by enterprises under central management, and those carried out by local enterprises in which the amount of Chinese investment reaches or exceeds U.S.$300 million, shall be subject to record-filing by NDRC. Those carried out by local enterprises in which the amount of Chinese investment is below U.S.$300 million shall be subject to record-filing by competent investment departments of the provincial government.

According to the Notice on Issues Concerning the Implementation of Measures for the Administration of Approval and Filing of Overseas Investment Projects, the Circular of NDRC on Properly Handling the Delegation of Approval Authority over Outbound Investment Projects to Lower-level Authorities was terminated.

Investment projects to be carried out in Hong Kong and/or the Macao Special Administrative Region shall be governed by the Measures for the Administration of Approval and Filing of Overseas Investment Projects.

On 4 August 2017, NDRC, MOFCOM, PBOC and the Ministry of Foreign Affairs jointly issued the "Guiding Opinions on Further Orienting and Regulating Outbound Investment" (the "**Guiding Opinion**"), which classifies outbound investment into three groups: encouraged, restricted, and prohibited. The Guiding Opinion provides that the government will support enterprises to: engage actively in outbound investment projects which promote the "Belt and Road" strategy; deepen co-operation in international production capacity; promote the transfer of quality domestic production capacity, equipment, and applicable technologies overseas; enhance the PRC's technology R&D, production, and manufacturing capacity; help resolve the country's energy shortage problems; and promote industrial upgrade.

Under the Guiding Opinion, the encouraged group includes:

- Projects that promote outbound investment in construction in the areas covered under the "Belt and Road" initiative, and basic infrastructure construction in the surrounding areas.

- Projects that steadily promote outbound investment that can facilitate the transfer of quality domestic production capacity, equipment, and applicable technology standards overseas.

- Projects that enhance investment co-operation with overseas high tech and advanced manufacturing enterprises, and encourage domestic companies to set up R&D centres overseas.

- Projects that encourage domestic companies to participate actively in the exploration and development of oil, gas, and mineral projects overseas on the condition that a prudent assessment of economic benefits and interests has been conducted.

- Projects involving co-operation in agriculture.

- The government will promote outbound investment in trade and commerce, and culture and logistics, and support qualified financial institutions to establish branches and service networks overseas to carry out business lawfully.

The groups subject to restrictions include:

- Outbound projects in sensitive countries and regions that have no diplomatic relations with the PRC, are currently at war with it, or have restrictions imposed in bilateral or multilateral agreements or conventions with the PRC.

- Real estate, hotel, cinema, entertainment, and sports clubs.

- A stock investment fund or an investment platform that does not invest in any real business overseas.

- Adopting technology standards that fall short of the required standards in the host country to manufacture production equipment.

- Failure to comply with the environmental protection, energy consumption or safety standards of the host country.

Investments falling into the first three areas listed above shall be subject to verification and approval by NDRC and other competent authorities in charge of outbound investment.

The prohibited category includes:

- Projects involving the export of core military technologies and products without the approval of the PRC government.

- Projects involving the use of technologies, techniques, or products that are prohibited for exports.

- Projects involving gambling or pornography.

- Projects involving breach of international conventions which the PRC is a signatory to.

- Other outbound investment projects that may endanger, or potentially endanger, national security.

Also, further measures will be taken to improve guidance on different types of outbound investments, including:

- Further raising government service levels to support outbound investment — such as in taxation, foreign exchange, insurance, customs, and information areas.

- Providing guidance and timely alerts to domestic enterprises on their intended investment in the restricted areas overseas.

- Imposing substantial control and regulation to prevent outbound investments in prohibited areas.

On 26 December 2017, NDRC issued the Administrative Measures for Enterprise Outbound Investment (the "**NDRC Regulation No. 11**"), effective from 1 March 2018. Compared with NDRC Regulation No. 9 (which was repealed in February 2016), there is a change of title of NDRC Regulation No. 11 which expressly indicates that monitoring of outbound investments will no longer be limited to pre-transaction "verification" and "record-filing", but will also cover the periods during and after transactions. NDRC Regulation No. 11 has also eliminated the "road-pass" regime in NDRC Regulation No. 9, evidencing NDRC's intention to "further streamline administration and delegate power". Under NDRC Regulation No. 11, NDRC has specified that Regulation No. 11 applies to outbound investments made by domestic financial enterprises.

NDRC Regulation No. 11 defines "sensitive countries and regions" as including countries and regions:

- without diplomatic relations with China;

- experiencing war or internal strife;

- where investment by enterprise is restricted by international treaties, or agreements China concluded or acceded to;

- other sensitive countries and regions.

With respect to the newly added category "other sensitive countries and regions", investors may consult with NDRC through the procedure stated in Article 15 of NDRC Regulation No. 11.

NDRC Regulation No. 11 redefines "sensitive industries" as including:

- research on, manufacture and repair of weaponry;

- cross-border water resources development and utilisation;

- news media;

- industries to be restricted from outbound investments according to laws, regulations and relevant macro-control policies.

Based on NDRC Regulation No. 11, a Sensitive Industry Directory was released by NDRC, effective from 1 March 2018, which includes:

- research and development, production and maintenance of weaponry and equipment;

- development and utilisation of cross-border water resources;

- news media;

- the following industries in which outbound investment by enterprises needs to be restricted pursuant to the Guiding Opinion:

  (1) real estate;

  (2) hotels;

  (3) cinemas and theatres;

  (4) the entertainment industry;

  (5) sports clubs; and

(6) equity investment funds or investment platforms with no specific industrial project overseas.

NDRC Regulation No. 11 is relatively new and will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying NDRC Regulation No. 11.

MOFCOM Supervision

MOFCOM issued the new version of the Administration of Overseas Investment on 6 September 2014, effective from 6 October 2014 (the "**New Overseas Investment Rules**"). Under the New Overseas Investment Rules, a domestic enterprise intending to carry out any overseas investment shall report to the competent department of commerce for verification or filing and shall, with regard to an enterprise so verified or filed, issue thereto an Enterprise Overseas Investment Certificate. If two or more enterprises make a joint investment to establish an overseas enterprise, the larger (or largest) shareholder shall be responsible for the verification or filing procedure after soliciting written consent of other investing parties.

An enterprise that intends to invest in a sensitive country or region or a sensitive industry shall apply for the verification by MOFCOM. "Sensitive countries and regions" means those countries without a diplomatic relationship with the PRC, or subject to the UN sanctions or otherwise under the list of verified countries and regions published by MOFCOM from time to time. "Sensitive industries" means those industries involving the products and technologies which are restricted from being exported, or affecting the interests of more than one country (or region). In accordance with the New Overseas Investment Rules, a Central Enterprise shall apply to MOFCOM for verification and MOFCOM shall, within 20 working days of accepting such application, decide whether or not the verification is granted.

For a local enterprise, it shall apply through the provincial department of commerce to MOFCOM for such verification. The provincial department of commerce shall give a preliminary opinion within 15 working days of accepting such local enterprise's application and report all application documents to MOFCOM, while MOFCOM shall decide whether or not the verification is granted within 15 working days of receipt of such preliminary opinion from the provincial department of commerce. Upon verification, the Enterprise Overseas Investment Certificate shall be issued to the investing enterprise by MOFCOM.

Other than those overseas investments subject to MOFCOM verification as described above, all other overseas investments are subject to a filing requirement. The investing enterprise shall fill in and complete the filing form through the Overseas Investment Management System, an online system maintained by MOFCOM and print out a copy of such filing form for stamping with the company chop, and then submit such stamped filing form, together with a copy of its business licence, for filing at MOFCOM (for a Central Enterprise) or the provincial department of commerce (for a local enterprise), respectively. MOFCOM or the provincial department of commerce shall accept the filing and issue the Enterprise Overseas Investment Certificate within three working days of receipt of such filing form. The investing enterprise must carry out the investment within two years of the date of the relevant Enterprise Overseas Investment Certificate, otherwise such Certificate will automatically expire and a new filing or verification application has to be made by the investing enterprise after such expiry. In addition, if any item recorded in such Certificate is changed, the investing enterprise shall handle an updating process at MOFCOM or the provincial department of commerce (as the case may be).

If an overseas invested company carries out a re-investment activity offshore, the investing enterprise shall report such re-investment activity to MOFCOM or the provincial department of commerce (as the case may be) after the investment is completed offshore. The investing enterprise shall fill in and print out a copy of the Overseas Chinese-invested Enterprise Re-investment Report Form from the Overseas Investment Management System and stamp and submit such Report Form to MOFCOM or the provincial department of commerce.

The New Overseas Investment Rules specifically provide that an overseas invested company cannot use the words of "China" ("中國" or "中華") in its name, unless otherwise approved.

MOFCOM, in conjunction with the other six ministries, promulgated the Interim Measures for the Record-filing (Verification and Approval) and the Reporting of Outbound Investment Projects on 18 January 2018 ("**MOFCOM Regulation 24**"). MOFCOM Regulation 24 mainly focuses on information reporting requirements in relation to overseas investments. MOFCOM and its local departments still mainly follow the New Overseas Investment Rules when handling overseas investment filing/approval procedures for a domestic enterprise intending to carry out any overseas investment. As it has been several years since the introduction of the New Overseas Investment Rules and the regulatory policy, the regulatory environment and market conditions of overseas investment have changed considerably in these years, and the understanding and the application of the New Overseas Investment Rules in various localities and at different levels may vary in practice.

Foreign Exchange Administration

SAFE issued the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) on 13 February 2015, abolishing the verification and approval processes of foreign exchange registration of overseas direct investment. The foreign exchange banks shall directly examine and handle foreign exchange registration of overseas direct investment. SAFE and its branches shall conduct indirect regulation of foreign exchange registration of overseas direct investment via foreign exchange banks.

According to the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) and its operating guidelines, effective as at 13 May 2013, borrowers of foreign debts are required to register with SAFE. Borrowers other than banks and financial departments of the government shall go through registration or record-filing procedures with the local branch of SAFE within 15 business days of entering into a foreign debt agreement. If the receipt and payment of funds related to the foreign debt of such borrowers is not handled through a domestic bank, the borrowers shall, in the event of any change in the amount of money withdrawn, principal and interest payable or outstanding debt, go through relevant record-filing procedures with the local branch of the SAFE.

On 11 January 2017, the PBOC issued the Circular of the People's Bank of China Matters relating to the Macro-prudential Management of Full-covered Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the "**Cross Border Financing Circular**"), which came into effect on the same day. The Cross Border Financing Circular established a mechanism aimed at regulating cross-border financing activities based on the capital or net asset of the borrowing entities using a prudent management principle on a macro nationwide scale.

On 26 January 2017, SAFE issued the Circular on Further Promoting the Reform of Foreign Exchange Administration and Improving the Genuineness and Compliance Review and Verification Process (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) (the "**SAFE Circular 3**"). According to SAFE Circular 3, where a domestic institution handles registration and funds remittance formalities for foreign direct investment, in addition to submitting the relevant review materials in accordance with provisions, it shall also make a statement to the bank on the source of investment funds and funds usage (use plan), provide the resolution of the board of directors (or resolution of partners), contract or other materials that can prove the authenticity.

State-owned Assets Supervision

The Interim Measures for Administration of Overseas State-owned Property Rights of Central Enterprises and Measures for the Supervision and Administration of Overseas Investment by Central Enterprises also apply to overseas investment projects.

If the domestic enterprise is a Central Enterprise, it shall establish and perform investment decision-making procedures and a management control system, establish and improve administration systems and submit them to SASAC for record-filing, and establish an annual investment plan and submit it to SASAC and make a copy of the project approval documents for SASAC.

Overseas enterprises which have completed overseas registration shall complete state-owned assets ownership registration with SASAC.

Cross-Border Security Laws

On 12 May 2014, SAFE promulgated the Notice concerning the Foreign Exchange Administration Rules on Cross-Border Security (跨境擔保外匯管理規定) and the relating implementation guidelines (collectively, the "**New Regulations**"). The New Regulations, which came into force on 1 June 2014, replace 12 other regulations regarding cross-border security and introduce 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) providing that the validity of any cross-border security agreement is no longer subject to SAFE approval, registration, filing, or any other SAFE administrative requirements; (v) removing the SAFE verification requirement for performance of cross-border security. A cross-border guarantee is a form of security under the New Regulations. The New Regulations classify cross-border security into three types:

- Nei Bao Wai Dai (內保外貸) ("**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 (外保內貸) ("**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 (其他形式跨境擔保): any cross-border security/guarantee other than NBWD and WBND.

The New Regulations establish a framework for the administration of cross-border security arrangements and may be subject to further interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying the New Regulations, and specific requirements may vary depending on the nature and structure of particular cross-border security arrangements.

TAXATION

The following summary of certain Hong Kong and PRC tax consequences of the purchase, ownership and disposition of Bonds is based upon applicable laws, regulations, rulings and decisions as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Bonds should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of Bonds, including such possible consequences under the laws of their country of citizenship, residence or domicile.

HONG KONG TAXATION

Withholding Tax

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

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 Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds 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 or redemption of Bonds 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 Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Bonds 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 Bonds are acquired and disposed of.

In addition, with effect from 1 January 2024, pursuant to various foreign-sourced income exemption legislation in Hong Kong (the "**FSIE Amendments**"), certain specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong) accrued to an MNE entity (as defined in the FSIE Amendments) 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 FSIE Amendments also provide for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

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

PRC TAXATION

Taxation on Interest

The PRC EIT Law and its implementation regulations, effective January 1, 2008, impose a withholding tax at the rate of 10 per cent., or a lower rate if tax treaty benefits are available, on interest paid to holders of the Bonds that are "non-resident enterprises", so long as such "non-resident enterprise" holder does not have an establishment or place of business in China or, if there is an establishment or place of business in China, the relevant income is not effectively connected with such establishment or place of business in China, to the extent such interest is sourced within China. Pursuant to these provisions of the PRC tax law, despite many uncertainties with respect to their application, if the Issuer or the Guarantor, as the case may be, is considered a PRC resident enterprise, interest paid to the non-resident enterprise holders on the Bonds may be treated as income derived from sources within China and be subject to the PRC withholding tax, which the Issuer would be obliged to withhold from payments of interests in respect of the Bonds to non-resident enterprise holders of the Bonds.

Further, in accordance with the Individual Income Tax Law of the PRC which was latest amended on 31 August 2018 and took effect on 1 January 2019 and its implementation regulations, if the Issuer or the Guarantor, as the case may be, is considered to be a PRC tax resident enterprise, interest payable to non-resident individual holders of the Bonds may be treated as income derived from sources within the PRC and be subject to a 20 per cent. individual income tax which the Issuer would be obliged to withhold from payments of interests to non-resident individual holders of the Bonds.

To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified holders of the Bonds.

Taxation on Capital Gains

The PRC EIT Law and its implementation regulations impose a tax at the rate of 10 per cent., or a lower rate if tax treaty benefits are available, on capital gains realized by holders of the Bonds that are "non-resident enterprises", so long as any such "non-resident enterprise" holder does not have an establishment or place of business in China or, if there is an establishment or place of business in China, the relevant gain is not effectively connected with such establishment or place of business in China, to the extent such capital gains are sourced within China. Pursuant to these provisions of the PRC EIT law, despite many uncertainties with respect to their application, if the Issuer or the Guarantor, as the case may be, is considered a PRC resident enterprise, capital gains realized by holders of the Bonds may be treated as income derived from sources within China and be subject to the PRC tax.

Tax at a rate of 20 per cent. may be imposed on the interest or capital gains received by investors that are "non-resident individuals" (which in the case of interest may be withheld at source) if such interest or capital gains is deemed to be sourced within the PRC. A "non-resident individual" is an individual who neither is domiciled in China nor stays in China or who is not domiciled in China but has stayed in China for an aggregate of less than 183 days accumulatively within a tax year.

Any PRC tax liability may be reduced under applicable tax treaties. However, it is unclear whether, if we are considered a PRC "resident enterprise," holders of our Bonds might be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

Value-added Tax ("VAT")

Pursuant to the Value-Added Tax Law of the PRC (中華人民共和國增值稅法) issued by the Standing Committee of the NPC on 25 December 2024 and effective from 1 January 2026, the Implementation Regulations of the Value-Added Tax Law of the PRC (中華人民共和國增值稅法實施條例) issued by the State Council on 25 December 2025 and effective from 1 January 2026 and the Circular of Taxation on Implementing the Pilot Programme of Replacing Business Tax with Value Added Tax in an All-round Manner (Caishui [2016] No. 36) (關於全面推開營業稅改徵增值稅試點的通知) issued on 23 March 2016 and implemented on 1 May 2016 ("**Circular 36**"), PRC tax authorities have started imposing VAT on revenues from various service sectors, including real estate, construction, financial services and insurance, as well as other lifestyle service sectors, to replace the business tax that co-existed with VAT for over 20 years.

According to Circular 36, entities and individuals providing services within China are subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the "loans" refers to the activity of lending capital for another's use and receiving the interest income thereon. Therefore, based on such an interpretation of "loan" under the Circular 36, the issuance of Bonds may be treated as the Bondholders providing loans to the Issuer, which thus shall be regarded as the provision of financial services. However, there is uncertainty as to whether the VAT will be applicable to the payments of interest and other income in the nature of interest on the Bonds by the Issuer and/or the Guarantor who are incorporated outside the PRC to investors who are located outside of the PRC as this will depend on how the PRC tax authorities interpret, apply or enforce the VAT related laws and regulations. If the issuance and/or holding of the Bonds is treated as provision of financial services in the PRC to the Issuer or the Guarantor by the holders of the Bonds, and if the interest income or other income in the nature of interest from or in connection with the Bonds is regarded as "principal-guaranteed gains", in each case by relevant tax authorities in the PRC for the purpose of the VAT Law, the interest income and other income in the nature of interest received by a non-PRC resident holder of the Bonds may be subject to withholding of the VAT at a rate of six per cent.

VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC.

Stamp Duty

No PRC stamp tax will be chargeable upon the issue or transfer (for so long as the register of holders of the Bonds is maintained outside mainland China) of a Bond.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Joint Lead Managers dated 2 February 2026 (the "**Subscription Agreement**"), pursuant to which, and subject to certain conditions contained therein, the Issuer has agreed to sell, and the Joint Lead Managers have agreed severally, but not jointly, to subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds set forth opposite its name below:

	Joint Lead Managers	Principal amount of the Bonds to be subscribed
		(U.S.$)
1.	CMBC Securities Company Limited	50,000,000
2.	China Minsheng Banking Corp., Ltd. Hong Kong Branch	50,000,000
3.	China Everbright Bank Co., Ltd., Hong Kong Branch	10,000,000
4.	Hua Xia Bank Co., Limited Hong Kong Branch	10,000,000
5.	Industrial Bank Co., Ltd. Hong Kong Branch	10,000,000
6.	Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch	10,000,000
7.	BOCOM International Securities Limited	10,000,000
8.	China CITIC Bank International Limited.	10,000,000
9.	China Zheshang Bank Co., Ltd. (Hong Kong Branch)	10,000,000
10.	CNCB (Hong Kong) Capital Limited	10,000,000
11.	E.SUN Commercial Bank, Ltd. Hong Kong Branch.	10,000,000
12.	China Industrial Securities International Brokerage Limited	10,000,000
13.	Orient Securities (Hong Kong) Limited	10,000,000
14.	Guotai Junan Securities (Hong Kong) Limited	10,000,000
15.	Standard Chartered Bank	10,000,000
16.	Zhongtai International Securities Limited	1,000,000
17.	ABCI Capital Limited	3,000,000
18.	Bank of China Limited	3,000,000
19.	BOCI Asia Limited	3,000,000
20.	CCB International Capital Limited	3,000,000
21.	CEB International Capital Corporation Limited	3,000,000
22.	China Galaxy International Securities (Hong Kong) Co., Limited	3,000,000
23.	China International Capital Corporation Hong Kong Securities Limited	3,000,000
24.	China Securities (International) Corporate Finance Company Limited	3,000,000
25.	CLSA Limited	3,000,000
26.	CMB International Capital Limited	3,000,000
27.	CMB Wing Lung Bank Limited.	3,000,000
28.	GF Securities (Hong Kong) Brokerage Limited	3,000,000
29.	Haitong Bank, Macau Branch	3,000,000
30.	Haitong International Securities Company Limited	3,000,000

Joint Lead Managers	Principal amount of the Bonds to be subscribed
	(U.S.$)
31. Huatai Financial Holdings (Hong Kong) Limited	3,000,000
32. Industrial and Commercial Bank of China Limited, Singapore Branch	3,000,000
33. Luso International Banking Limited	3,000,000
34. SDIC Securities (Hong Kong) Limited	3,000,000
35. Shenwan Hongyuan Securities (H.K.) Limited	3,000,000
36. Sinolink Securities (Hong Kong) Company Limited	3,000,000
37. Soochow Securities International Brokerage Limited	3,000,000
38. SPDB International Capital Limited	3,000,000
39. SunRiver International Securities Group Limited	3,000,000
Total	**300,000,000**

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

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

In connection with the Offering of the Bonds, the Joint Lead Managers and/or their respective affiliates may place orders, receive allocations and purchase Bonds for their own account (without a view to distributing such Bonds). Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantor, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering. Accordingly, references herein to the Bonds being "offered" should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Bonds. If this is the case, liquidity of trading in the Bonds may be constrained (see "*Risk Factors — Risks Relating to the Bonds and the*

Guarantee — The liquidity and price of the Bonds following this offering may be volatile"). The Issuer, the Guarantor and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds among individual investors.

In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer or the Guarantor, including the Bonds, and could adversely affect the trading prices of the Bonds. The Joint Lead Managers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds or other financial instruments of the Issuer, the Guarantor or the Group, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments.

In connection with the issue of the Bonds, any Stabilisation Manager may over-allot bonds or effect transactions with a view to supporting the price of the bonds at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there is no obligation on such stabilisation manager(s) to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

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 this offering and are subject to additional requirements under the SFC Code.

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 Bonds. 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 the Joint Lead Managers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this 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 set out elsewhere in this Offering Circular.

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 Bonds (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 Bonds.

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 Joint Lead Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Bonds, 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 Joint Lead Manager(s) (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order.

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 dcm@cmbccap.com, hkdcm@cmbc.com.cn, TMG_Syndicate@cncbinternational.com, dcm.cebhk@cebbank.com.hk, dcm_hk@czbank.com, dcm@hxb.com.cn, abcic.dcm@abci.com.hk, dcm.execution@chinastock.com.hk, dcm@xyzq.com.hk, ib.dcm.fig@clsa.com, ficcsyndicate@citicclsa.com, dcm@cncbinvestment.com, dcm@esunbank.com, capital_markets_department@sg.icbc.com.cn, dcm@lusobank.com.mo, dcm@swhyhk.com, dcmhk@hksinolink.com.hk, and SYNHK@sc.com.

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 this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Joint Lead Managers 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 Joint lead Manager with such evidence within the timeline requested.

GENERAL

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

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

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

UNITED STATES

The Bonds and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and, subject to certain exceptions, may not be offered or sold within the United States.

The Bonds and the Guarantee are being offered and sold outside of the United States in reliance on Regulation S.

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

UNITED KINGDOM

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

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

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

HONG KONG

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

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than: (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) 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

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

SINGAPORE

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 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 Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each Manager represents, warrants and agrees that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

THE PRC

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

GENERAL INFORMATION

1. **Legal Entity Identifier**: The legal entity identifier of the Issuer is 8368006PQQLW21FDD876.

2. **Clearing Systems**: The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 328555131 and the ISIN for the Bonds is XS3285551316.

3. **Authorisations**: The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds. The issue of the Bonds and the execution of the Fiscal Agency Agreement and the Deed of Covenant were authorised by the written resolution of the directors of the Issuer dated 19 December 2025. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the giving and performance of the Guarantee. The giving of the Guarantee was authorised by the resolutions of the board of directors of the Guarantor dated 29 October 2025.

4. **No Material and Adverse Change**: There has not occurred any adverse change, (nor any development or event involving a prospective adverse change) in the financial condition, prospects, results of operations or general affairs of the Issuer, the Guarantor or the Group, which is material and adverse in the context of the issue and offering of the Bonds since 31 December 2024.

5. **Litigation**: None of the Issuer, the Guarantor or any member of the Group is involved in any litigation or arbitration proceedings which could have a material and adverse effect on their businesses, results of operations and financial condition, nor is the Issuer or the Guarantor aware that any such proceedings are pending or threatened.

6. **Available Documents**: Copies of the Deed of Guarantee, the Deed of Covenant and the Fiscal Agency Agreement relating to the Bonds will be available for inspection by Holders upon prior written request and proof of holding and identity to the satisfaction of the Fiscal Agent, at all reasonable times during normal business hours (being 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the specified office of the Fiscal Agent (presently at 80/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong).

7. **Listing of Bonds**: Application will be made to the Hong Kong Stock Exchange for the listing of and permission to deal in the Bonds by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 9 February 2026.

8. **Independent Auditors:** The Guarantor's consolidated financial statements as at and for the two years ended 31 December 2023 and 2024 (including comparative figures for the year ended 31 December 2022), which are included elsewhere in this Offering Circular, have been audited by PwC, the former independent auditor of the Guarantor.

INDEX TO FINANCIAL INFORMATION

Consolidated financial statements of the Guarantor as at and for the year ended 31 December 2024

Consolidated financial statements of the Guarantor as at and for the year ended 31 December 2023

The consolidated financial statements have not been specifically prepared for the inclusion in this Offering Circular. The consolidated financial statements have been reproduced from the Guarantor's consolidated financial statements for the years ended 31 December 2023 and 2024, including the page numbers and page references set forth in such financial statements.

CMBC INTERNATIONAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2024

The directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2024.

Principal place of business

CMBC International Holdings Limited ("the Company") is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 45/F, One Exchange Square, 8 Connaught Place, Central, Hong Kong.

Principal activities

The principal activities of the Company and its subsidiaries (together "the Group") are the provision of brokerage and asset management services, money lending, investment holding, investment advisory and investment management services.

Business review

The Company is a wholly-owned subsidiary of another body corporate and is exempted to include a business review under s.388(3)(b) of the Hong Kong Companies Ordinance (Cap.622).

Results and appropriations

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 8 to 9.

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2024 (2023: Nil).

Donations

There are no charitable donations made by the Group during the years ended 31 December 2024 and 2023.

Share capital

Details of the Company's share capital are set out in note 30(a) to the consolidated financial statements. There was no movement in the Company's share capital during the year.

Directors

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

Shi Jie
Wang Hang
Gao Yingxin
Li Baochen
Huang Hongri

Directors (Continued)

During the year and up to the date of this report, the directors of the Company's subsidiaries include:

Chen Yi
Huang Chanjuan (resigned on 11 April 2025)
James Michael Kattan
Lee Cheuk Yin Dannis
Li Baochen
Li Jianyang
Li Ming
Li Wenshi (retired on 28 June 2024)
Mak Ho Lim
Ng Hoi Kam
Shek Yeung Eric
Wang Lihua
Wu Bin
Xiang Xinrong
Xiao Bin (resigned on 6 June 2025)
Yang Kunpeng (resigned on 30 May 2025)
Zhou Deyang
Liow Ting Yue
Wong Chung Mun
HO Yui Kwong Kenny
Zhang Tianfei
Liu Yanming
WU Yuan (appointed on 31 December 2024)
KWOK Kei Chi (appointed on 11 April 2025)
XU Feng (appointed on 30 May 2025)

There being no provision in the Company's Articles of Association for retirement by rotation, all directors continue in office.

Directors' interests in transactions, arrangements and contracts that are significant in relation to the Company's business

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

Directors' interests in the shares, underlying shares and debentures of the Company or any specified undertaking of the Company

At no time during the year was the Company, its subsidiaries, its fellow subsidiaries, its parent company or its other associated corporations a party to any arrangement to enable the directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its specified undertakings or other associated corporation.

Management contracts

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

Permitted indemnity provisions

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout this year.

Auditors

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Li Baochen
Director

Hong Kong, 15 JUL 2025

pwc

羅兵咸永道

INDEPENDENT AUDITOR'S REPORT
TO THE SOLE MEMBER OF CMBC INTERNATIONAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of CMBC International Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 8 to 88 comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong SAR, China
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

INDEPENDENT AUDITOR'S REPORT
TO THE SOLE MEMBER OF CMBC INTERNATIONAL HOLDINGS LIMITED (CONTINUED)
(incorporated in Hong Kong with limited liability)

Other Information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT
TO THE SOLE MEMBER OF CMBC INTERNATIONAL HOLDINGS LIMITED (CONTINUED)
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

INDEPENDENT AUDITOR'S REPORT
TO THE SOLE MEMBER OF CMBC INTERNATIONAL HOLDINGS LIMITED (CONTINUED)
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 15 JUL 2025

CMBC INTERNATIONAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HK$	2023 HK$
Revenue			
Interest income	4	752,774,644	798,394,665
Fee and commission income	5	98,904,424	79,254,119
Dividend income		185,788,757	256,090,908
		1,037,467,825	1,133,739,692
Net gains/(losses) from financial assets/liabilities at fair value through profit or loss		41,770,983	(250,739,019)
Net gains from derivative financial instruments		158,694,706	-
Net gains/(losses) from financial assets at fair value through other comprehensive income		70,767,305	(167,409,220)
Net gains from financial assets at amortised cost	6	12,833,440	-
Other net losses	7	(24,870,702)	(40,032,253)
Impairment losses	8	(23,121,315)	(485,225,159)
Operating expenses			
Staff costs	9(c)	(150,326,085)	(119,015,862)
Other operating expenses	9(a)	(117,639,881)	(110,865,288)
		(267,965,966)	(229,881,150)
Profit/(loss) from operations		1,005,576,276	(39,547,109)
Finance costs	9(b)	(914,605,763)	(1,023,128,167)
Profit/(loss) before taxation	9	90,970,513	(1,062,675,276)
Income tax expense	10	(40,529,387)	(346,869)
Profit/(loss) for the year		50,441,126	(1,063,022,145)
Attributable to:			
Equity shareholders of the Company		33,786,761	(892,710,918)
Non-controlling interests		16,654,365	(170,311,227)
Profit/(loss) for the year		50,441,126	(1,063,022,145)

CMBC INTERNATIONAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 HK$	2023 HK$
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income - net movement in fair value reserve (recycling)			
- fair value changes		99,201,457	(98,181,160)
- fair value changes transferred to profit or loss		145,208,060	132,355,909
- Impact of changes in impairment losses	20	(141,059,660)	285,656,337
Items that will not be reclassified to profit or loss:			
Financial assets at fair value through other comprehensive income - net movement in fair value reserve (non-recycling)			
- fair value changes		301,759,641	(31,098,403)
- fair value changes transferred to retained earnings, net		717,881	(225,904)
- exchange differences		(10,227,044)	14,865,788
		395,600,335	303,372,567
Exchange differences on translation of foreign operations		(34,640,785)	(12,306,557)
Other comprehensive income for the year		360,959,550	291,066,010
Total comprehensive income/(loss) for the year		411,400,676	(771,956,135)
Attributable to:			
Equity shareholders of the Company		365,190,749	(664,509,070)
Non-controlling interests		46,209,927	(107,447,065)
Total comprehensive income/(loss) for the year		411,400,676	(771,956,135)

The notes on pages 15 to 88 form part of these financial statements.

CMBC INTERNATIONAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024 HK$	2023 HK$ (Restated)
Non-current assets			
Property, plant and equipment	13	5,769,425	5,831,655
Right-of-use asset	14	53,510,445	56,020,945
Intangible assets	15	960,000	960,000
Goodwill	16	229,812,059	229,812,059
Financial assets at fair value through profit or loss	17	-	6,944,156
Financial assets at amortised cost	18	148,211,647	511,765,148
Financial assets at fair value through other comprehensive income	20	673,684,458	486,588,334
Loans and receivables	19	856,229,668	485,178,959
Other non-current assets	23	11,080,559	19,524,444
Deferred tax assets	29(b)	32,650,970	32,650,970
		2,011,909,231	1,835,276,670
Current assets			
Financial assets at fair value through profit or loss	17	8,962,546,466	6,869,593,591
Financial assets at fair value through other comprehensive income	20	6,929,350,638	9,252,158,510
Financial assets at amortised cost	18	334,993,804	-
Loans and receivables	19	560,177,841	245,421,531
Derivative financial instruments	33	37,324,434	-
Accounts receivables	21	717,988,307	85,960,444
Interest receivables	23	333,699,611	264,091,042
Tax recoverable		-	11,396,729
Other current assets	23	484,375,049	342,251,786
Cash held on behalf of customers	22(a)	211,320,805	254,015,728
Cash and cash equivalents	22(b)	804,156,517	1,073,396,018
		19,375,933,472	18,398,285,379

CMBC INTERNATIONAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2024

	Notes	2024 HK$	2023 HK$ (Restated)
Current liabilities			
Financial liabilities at fair value through profit or loss	17	42,058,009	30,800,291
Derivative financial instruments	33	89,216	89,381,841
Accounts payable	24	266,238,954	233,097,958
Lease liabilities	14	30,936,884	19,182,960
Accruals and other payables	25	350,473,312	518,309,704
Bank loans	26	9,370,465,820	8,543,427,540
Financial assets sold under repurchase agreements	27	7,721,430,538	7,612,406,352
Tax payables		22,326,950	-
		17,804,019,683	17,046,606,646
Net current assets		1,571,913,789	1,351,678,733
Non-current liabilities			
Lease liabilities	14	25,100,398	39,445,028
Deferred tax liabilities	29(a)	47,258,015	44,794,764
		72,358,413	84,239,792
Net assets		3,511,464,607	3,102,715,611
Capital and reserves			
Share capital	30(a)	4,207,300,000	4,207,300,000
Reserves		(1,257,407,590)	(1,620,782,036)
Total equity attributable to equity shareholders of the Company		2,949,892,410	2,586,517,964
Non-controlling interests		561,572,197	516,197,647
Total equity		3,511,464,607	3,102,715,611

Approved and authorised for issue by the board of directors on 15 JUL 2025

Li Baochen
Director

Shi Jie
Director

The notes on pages 15 to 88 form part of these financial statements.

CMBC INTERNATIONAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to equity shareholders of the Company							
	Share capital HK$	Accumulated losses HK$	Fair value reserve (recycling) HK$	Fair value reserve (non-recycling) HK$	Exchange reserve HK$	Total HK$	Non-controlling Interests HK$	Total HK$
Balance at 1 January 2024	4,207,300,000	(1,203,161,624)	(135,694,441)	(224,483,782)	(57,442,189)	2,586,517,964	516,197,647	3,102,715,611
Profit for the year	-	33,786,761	-	-	-	33,786,761	16,654,365	50,441,126
Other comprehensive income/(loss)	-	2,562,159*	88,046,643	275,435,971	(34,640,785)	331,403,988	29,555,562	360,959,550
Total comprehensive income for the year	-	36,348,920	88,046,643	275,435,971	(34,640,785)	365,190,749	46,209,927	411,400,676
Shares repurchased by a subsidiary	-	(1,816,303)	-	-	-	(1,816,303)	(835,377)	(2,651,680)
Balance at 31 December 2024	4,207,300,000	(1,168,629,007)	(47,647,798)	50,952,189	(92,082,974)	2,949,892,410	561,572,197	3,511,464,607

*Amounts reclassified to accumulated losses upon disposal of equity investments at fair value through other comprehensive income.

CMBC INTERNATIONAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to equity shareholders of the Company							
	Share capital HK$	Accumulated losses HK$	Fair value reserve (recycling) HK$	Fair value reserve (non-recycling) HK$	Exchange reserve HK$	Total HK$	Non-controlling Interests HK$	Total HK$
Balance at 1 January 2023	4,207,300,000	(76,210,457)	(411,876,918)	(416,776,642)	(45,135,632)	3,257,300,351	626,616,615	3,883,916,966
Loss for the year	-	(892,710,918)	-	-	-	(892,710,918)	(170,311,227)	(1,063,022,145)
Other comprehensive (loss)/income	-	(227,966,932)*	276,182,477	192,292,860	(12,306,557)	228,201,848	62,864,162	291,066,010
Total comprehensive loss for the year	-	(1,120,677,850)	276,182,477	192,292,860	(12,306,557)	(664,509,070)	(107,447,065)	(771,956,135)
Shares repurchased by a subsidiary	-	(6,273,317)	-	-	-	(6,273,317)	(2,971,903)	(9,245,220)
Balance at 31 December 2023	4,207,300,000	(1,203,161,624)	(135,694,441)	(224,483,782)	(57,442,189)	2,586,517,964	516,197,647	3,102,715,611

*Amounts reclassified to accumulated losses upon disposal of equity investments at fair value through other comprehensive income.

The notes on pages 15 to 88 form part of these financial statements.

CMBC INTERNATIONAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HK$	2023 HK$
Operating activities			
Cash (used in)/generated from operations	22(c)	(1,207,370,308)	2,413,723,274
Tax paid		(4,318,652)	(25,485,930)
Interest received		812,779,166	1,423,159,345
Dividend received		185,788,757	256,090,908
Interest paid		(949,535,783)	(1,024,454,599)
Net cash (used in)/generated from operating activities		(1,162,656,820)	3,043,032,998
Investing activity			
Payment for purchase of property and equipment	13	(2,238,924)	(4,320,930)
Net cash used in investing activity		(2,238,924)	(4,320,930)
Financing activities			
Proceeds from new bank loans	22(d)	13,062,234,388	14,969,504,796
Repayment of bank loans	22(d)	(12,174,378,631)	(19,781,312,918)
Shares repurchased by a subsidiary		(2,651,680)	(9,245,220)
Issuance of notes	22(d)	-	54,682,500
Repayment of notes	22(d)	-	(54,476,500)
Principal and interest elements of lease payments	22(d)	(22,875,680)	(22,534,200)
Net cash generated/(used in) from financing activities		862,328,397	(4,843,381,542)
Net decrease in cash and cash equivalents		(302,567,347)	(1,804,669,474)
Cash and cash equivalents at 1 January		1,073,396,018	2,846,862,986
Effect of foreign exchange rate changes		33,327,846	31,202,506
Cash and cash equivalents at 31 December	22(b)	804,156,517	1,073,396,018

The notes on pages 15 to 88 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

CMBC International Holdings Limited ("the Company") is a limited liability company incorporated in Hong Kong (together with its subsidiaries known as "the Group"). The Company has its registered office and principal place of business at 45/F, One Exchange Square, 8 Connaught Place, Central, Hong Kong.

At 31 December 2024 and 2023, the directors consider the ultimate holding company of the Company to be China Minsheng Banking Corp., Ltd, which is incorporated in the People's Republic of China, listed on the Shanghai Stock Exchange and the Stock Exchange of Hong Kong ("SEHK") and produces consolidated financial statements available for public use.

The principal activities of the Company provision of brokerage and asset management services, money lending, investment holding, investment advisory and investment management services. The activities of its principal subsidiaries are set out in note 12 to the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

2 Material accounting policies

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards ("HKFRSs"), which collective term includes all individual HKFRS Accounting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. Material accounting policies adopted by the Company are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

(b) Basis of preparation of the consolidated financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except those financial assets at fair value through profit or loss ("FVTPL"), financial assets at fair value through other comprehensive income ("FVOCI") and financial liabilities at FVTPL are stated at their fair value as explained in the accounting policies set out in note 2(k).

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

2 Material accounting policies (Continued)

(b) Basis of preparation of the consolidated financial statements (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 3.

The Group has reclassified the comparative figures of the consolidated statement of financial position relating to a stock call option from accruals and other payable to derivative financial instruments to conform with the current year's presentation. Also, certain comparative figures in note 22, note 25 and note 31 related to the call option have been restated to correct a misclassification in prior year.

(c) Changes in accounting policies

A number of new or amended standards became applicable for the current reporting period, and the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

The following amendments to accounting standards are applicable for annual reporting periods commencing on or after 1 January 2024:

- *Classification of Liabilities as Current or Non-current – Amendments to HKAS 1*
- *Lease Liability in a Sale and Leaseback – Amendments to HKFRS 16*
- *Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7*
- *Non-current Liabilities with Covenants – Amendments to HKAS 1*
- *Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – Amendments to HK Int 5 (Revised)*

None of these is expected to have a significant effect on the consolidated financial statements of the Group.

(d) New standards, amendments and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. The Group is currently assessing the impacts of these standards, amendments or interpretations on the Group entities in the current or future reporting periods and on foreseeable future transactions.

(e) Subsidiaries and non-controlling interests

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2 Material accounting policies (Continued)

(e) Subsidiaries and non-controlling interests (Continued)

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the carrying amounts of controlling and non-controlling interests to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, investment in subsidiaries is stated at cost less impairment losses (see note 2(j)).

(f) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

2 Material accounting policies (Continued)

(g) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any (see note 2(j)). Historical cost includes expenditure that is directly attributable to the acquisition of an asset.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

- Leasehold improvements	Over the shorter of remaining life of lease and 20% per annum
- Furniture and fixtures	10% - 20% per annum
- Computer equipment	20% - 33 1/3% per annum
- Motor vehicle	12.5% - 20%per annum
- Office equipment	20% per annum

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(h) Intangible assets (other than goodwill)

Intangible assets, representing computer softwares, customers' relationship and trading rights, are stated in the consolidated statement of financial position at cost less accumulated amortisation and impairment losses (see note 2(j)). Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. Computer softwares are amortised from the date they are available for use and their estimated useful lives is 3 years.

Both the useful lives and method of amortisation are reviewed annually.

(i) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses, if any. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(j)).

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

2 Material accounting policies (Continued)

(j) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(k) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(i) Financial assets

Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest ("SPPI"). Interest income from the investment is calculated using the effective interest method;

- FVOCI - recycling, if the contractual cash flows of the investment comprise SPPI and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses ("ECLs"), interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

- FVTPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

2 Material accounting policies (Continued)

(k) Financial instruments (Continued)

(i) Financial assets (Continued)

Investments other than equity investments (Continued)

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment the Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans); and
- Features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVOCI (non-recycling), are recognised in profit or loss as revenue.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2 Material accounting policies (Continued)

(k) Financial instruments (Continued)

(ii) Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including accounts payable, other payables, bank loans, lease liabilities, and financial assets sold under repurchase agreements) are subsequently measured at amortised cost, using the effective interest method.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss, except for changes in fair value attributable to changes in own credit risk which are presented in other comprehensive income.

Derecognition

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

2 Material accounting policies (Continued)

(l) Credit losses and impairment of financial assets

The Group recognises a loss allowance for ECLs on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, accounts receivables, loans and receivables, interest receivable and other assets);
- contract assets as defined in HKFRS 15 (see note 2(v));
- debt securities measured at FVOCI (recycling); and
- loan commitments issued, which are not measured at FVTPL.

Financial assets measured at fair value, including units in bond funds, equity securities measured at FVTPL, and equity securities designated at FVOCI (non-recycling), are not subject to the expected credit loss ("ECL") assessment.

Measurement of ECLs

The Group established ECL model by using a statistical approach for financial instruments. This approach involves estimation of four risk parameters, i.e. Probability of Default ("PD"), Loss Given Default ("LGD"), Exposure at Default ("EAD") and expected life, as well as the use of effective interest rate and forward-looking information. In calculating the expected credit loss rates, forward looking macroeconomic information, such as unemployment rate and gross domestic product ("GDP"), is incorporated as part of risk parameters estimation.

Multiple economic scenarios are considered such that a probability-weighted average ECL can be estimated. Three scenarios are proposed, i.e. good scenario, neutral scenario and bad scenario. By considering the corresponding probabilities of the scenarios, the probability-weighted average ECL can be estimated.

Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and accounts receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

2 Material accounting policies (Continued)

(l) Credit losses and impairment of financial assets (Continued)

Measurement of ECLs (Continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

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 instruments 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

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 recognised based on a credit-adjusted effective interest rate. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial instruments including financial assets measured at amortised cost, debt securities measured at FVOCI, loan commitments issued, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

2 Material accounting policies (Continued)

(l) Credit losses and impairment of financial assets (Continued)

Significant increases in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

2 Material accounting policies (Continued)

(l) Credit losses and impairment of financial assets (Continued)

Basis of calculation of interest income

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less expected credit loss allowance) of the financial asset.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 2(l).

Segregated accounts maintained by the Group to hold clients' monies are recognised as an asset in financial statements and are disclosed in note 22(a) to the consolidated financial statements.

(n) Accruals and other payables

Accruals and other payables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

2 Material accounting policies (Continued)

(o) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost with any difference between the proceeds (net of transaction costs) and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(p) Financial assets sold under repurchase agreements

Financial assets sold under repurchase agreements continue to be recognised, which do not result in derecognition of the financial assets, and are recorded as financial assets at FVOCI, financial assets at amortised cost and financial assets at FVTPL. Financial assets sold subject to agreements with a commitment to repurchase at a specific future date are not derecognised in the consolidated statement of financial position. The proceeds from selling such assets are presented as "financial assets sold under repurchase agreements". Financial assets sold under repurchase agreements are initially measured at fair value and are subsequently measured at amortised cost.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(r) Derivative financial instruments

Initial recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the consolidated statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

2 Material accounting policies (Continued)

(s) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit or loss before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income and expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group is subject to income taxes predominantly in Hong Kong and judgment is required in determining the provision for income taxes. There could be transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the estimated amounts that were initially recorded, such differences will impact the current and deferred income tax provisions in the period in which such determination is made.

Current and deferred tax are recognised in profit or loss. Where current tax or deferred tax arises from initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2 Material accounting policies (Continued)

(t) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Retirement benefits are provided to eligible employees of the Group. The employees of the Group are eligible to enjoy retirement benefits by participating in a scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance ("the MPF Scheme"). The employer's monthly contribution to the MPF Scheme is at a maximum of 5% of an employee's monthly salary.

Contributions to the MPF Scheme are recognised as expenses in the consolidated statement of profit or loss and other comprehensive income as incurred.

(u) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(v) Revenue recognition

Income is classified by the Group as revenue when it arises from the provision of services in the ordinary course of the Group's business.

Revenue is recognised when service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. The Group applied the optional practical expedient to immediately expense cost to obtain a contract if the amortisation period of the asset that would have recognised is one year or less.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, 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 with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

(i) Interest income

Interest income for all interest-bearing financial instruments is recognised in profit or loss on an accruals basis using the effective interest method.

2 Material accounting policies (Continued)

(v) Revenue recognition (Continued)

(i) Interest income (Continued)

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest income on all financial instruments designated at fair value through profit and loss are considered to be incidental and are therefore presented together with all other changes in fair value arising from the portfolio. Net income from financial instruments designated at fair value through profit or loss and net trading income comprises all gains and losses from changes in fair value (net of accrued coupon) of such financial assets, together with interest income and expense, dividend income and foreign exchange differences attributable to those financial instruments.

Interest income from clients is recognised on a time proportion basis, by reference to the principal amounts outstanding and the effective interest rates applicable.

(ii) Fee income

Financial advisory, sponsorship, arrangement fee and other service income are recognised over time according to performance obligation and transaction prices of the contracts. It is recognised when the Group has an enforceable right to payment for performance completed to date at all times throughout the duration of the contract.

Asset management fee income and investment advisory services fee income are recognised over time as those services are provided continuously over the contract period. Invoices for these services income are issued on a regular basis based on the terms stated in the contract.

The Group is entitled to a performance fee income when there is a positive performance for the relevant performance period and it is recognised at the end of the relevant performance period, when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(iii) Commission income

Commission income for brokerage business and futures and options contracts dealing services are recognised on execution of purchase, sales or other transactions or services by the Group on behalf of its clients.

Underwriting, sub-underwriting, placing and sub-placing commissions are recognised as income in accordance with the terms of the underlying agreement or deal mandate when the relevant significant act has been completed.

2 Material accounting policies (Continued)

(v) Revenue recognition (Continued)

(iv) Dividend income

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment has been established.

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

(w) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contacts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2 Material accounting policies (Continued)

(x) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the reporting date. Exchange gains and losses are recognised in the profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

Exchange differences arising on the settlement of monetary items are recognised in profit or loss in the period in which they arise.

(y) Related parties

(1) A person, or a close member of that person's family, is related to the Group if that person:

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

(2) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (1).
- (vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3 Critical accounting judgment and estimates

Sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Estimated impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the recoverable amounts of the cash generating units to which goodwill has been allocated and the individual assets using the income approach. The income approach requires the Group to estimate the future cash flows expected to arise from the cash generating unit and the individual assets and a suitable discount rate in order to calculate the present values. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2024, the carrying amounts of the intangible assets and goodwill are HK$960,000 (2023: HK$960,000) and HK$229,812,059 (2023: HK$229,812,059) respectively. Details of the recoverable amounts calculation are disclosed in notes 15 and 16.

(ii) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's history existing market conditions as well as forward-looking estimates at the end of each reporting period.

Policies on impairment of financial assets are set out in note 2(l).

(iii) Fair value measurement

The fair values of unlisted equities, unlisted preference shares, unlisted investment funds and unlisted convertible debt investments under financial assets and liabilities at fair value through profit or loss are significantly affected by the combination of valuation methodologies employed, the parameters used and, if required, the underlying sample chosen. The valuation methodologies and the source of the parameters adopted by the Group are discussed in note 31(f)(i).

(iv) Taxation

Policies on current and deferred tax are set out in note 2(s).

4 Interest income

	2024 HK$	2023 HK$
Interest income arising from:		
Margin clients	6,096,009	8,011,274
Loans and receivables	76,587,852	80,978,132
Debt securities investments	649,602,239	660,081,164
Balances with banks and other financial institutions	10,126,469	30,847,247
Others	10,362,075	18,476,848
	752,774,644	798,394,665

5 Fee and commission income

Fee and commission income recognised during the year are as follows:

	2024 HK$	2023 HK$
Financial advisory, sponsorship, arrangement fee and other service income	45,695,737	33,319,963
Brokerage and related service income	15,151,046	11,300,653
Underwriting, sub-underwriting, placing and sub-placing commission income	31,233,990	26,090,233
Asset management fee and performance fee income	6,823,651	8,543,270
	98,904,424	79,254,119

6 Net gains from financial assets at amortised cost

During the year ended 31 December 2024, the Group sold certain debt securities due to a credit risk management decision to eliminate the exposure following a deterioration in credit risk. The Group incurred a gain of HK$12,833,400 on the sale. There was no disposal of financial assets at amortised cost during the year ended 31 December 2023.

7 Other net losses

	2024 HK$	2023 HK$
Net exchange losses	(31,562,152)	(46,061,740)
Others	6,691,450	6,029,487
	(24,870,702)	(40,032,253)

8 Impairment losses

	2024 HK$	2023 HK$
Loans and receivables (note 19)	2,149,489	150,922,650
Accounts receivables (note 21)	1,424,267	39,033,357
Financial assets at fair value through other comprehensive income (note 20)	19,392,543	290,009,064
Financial assets at amortised cost (note 18)	149,449	1,782,744
Interest receivables (note 23)	5,567	3,477,344
	23,121,315	485,225,159

9 Profit/(loss) before taxation

Profit/(loss) before taxation is arrived at after charging:

	2024 HK$	2023 HK$
(a) Other operating expenses		
Lease payments in respect of short-term leases	1,729,991	1,307,478
Legal and professional fees	19,183,132	3,619,723
Management fee expenses	5,170,003	5,178,470
Auditors' remuneration	4,645,119	5,471,754
Depreciation of property, plant and equipment (note 13)	2,300,803	3,455,487
Depreciation of right-of-use asset (note 14(b))	22,836,894	19,207,181
Other administrative expenses	61,773,939	72,625,195
	117,639,881	110,865,288
(b) Finance costs		
Bank loan facility fees	2,577,025	5,181,244
Interest expense on:		
Financial assets sold under repurchase agreements	446,528,332	462,060,602
Notes payable (note 28)	-	243,752
Margin loans	-	1,456,316
Bank loans	463,353,796	551,783,613
Lease liabilities (note 14(b))	2,146,610	2,402,640
	914,605,763	1,023,128,167
(c) Staff costs (including directors' remuneration)		
Salaries and other benefits	148,546,159	116,893,949
Contributions to defined contribution retirement plans	1,779,926	2,121,913
	150,326,085	119,015,862

10 Income tax expense

(a) Organisation for Economic Co-operation and Development's ("OECD") Global Minimum Tax ("Pillar Two") model rules

At 31 December 2024, Pillar Two legislation has not yet been substantially enacted in Hong Kong. However, it is expected that Pillar Two legislation will be enacted in Hong Kong during the financial year 2025 with effective date set retrospectively from the financial year beginning on or after 1 January 2025. The Group continues to monitor the local legislation for Hong Kong and assesses the potential impact. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 "Income Taxes" issued in July 2023.

10 Income tax expense (Continued)

(b) Taxation charged/(credited) to profit or loss:

	2024 HK$	2023 HK$
Current tax		
- Hong Kong	35,736,995	19,200,000
- The People's Republic of China ("PRC")	1,393,191	1,296,684
- Under-provision in prior years	912,145	628,050
	38,042,331	21,124,734
Deferred tax (note 29)		
- Origination and reversal of temporary differences	2,487,056	(20,777,865)
	40,529,387	346,869

The provision for Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2023: 25%). Taxation arising in other jurisdictions is calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in the relevant jurisdictions.

(c) Reconciliation between tax expense and accounting profit/(loss) at applicable tax rate:

	2024 HK$	2023 HK$
Profit/(loss) before taxation	90,970,513	(1,062,675,276)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profits in the countries concerned	16,403,326	(174,044,736)
Tax effect of non-taxable income	(90,232,452)	(286,383,199)
Tax effect of non-deductible expenses	48,989,095	233,664,644
Tax effect of tax losses and temporary differences not recognised as deferred tax assets	68,102,644	238,752,026
Utilisation of tax losses previously not recognised	(3,644,896)	-
Under-provision in prior years	912,145	628,050
Reversal of deferred tax recognised	(331,492)	-
Effect of withholding tax on unrealised gain/(loss) on listed equity securities outside Hong Kong	331,017	(12,269,916)
	40,529,387	346,869

11 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2024 HK$	2023 HK$
Directors' fee	300,000	300,000
Salaries, allowances and benefits in kind	4,200,000	5,165,452
Discretionary bonuses	840,000	-
Retirement scheme contributions	-	70,210
	5,340,000	5,535,662

12 Investment in subsidiaries

Particulars of the principal subsidiaries are as follows:

Name of company	Place of incorporation and operation	Particulars of issued and paid up share capital	Proportion of ownership interest held by the Company 2024 %	held by the Company 2023 %	held by a subsidiary 2024 %	held by a subsidiary 2023 %	Principal activities
CMBC International Asset Management Limited	Hong Kong	HK$10,000,000	100	100	-	-	Investment holding
CMBC Capital Finance Limited	Hong Kong	HK$1	-	-	69.19	67.95	Provision of loan financing services
CMBC International Capital Limited	Hong Kong	HK$30,000,000	-	-	69.19	67.95	Advisory and corporate financing
CMBC International Securities Limited	Hong Kong	HK$10,000,000	100	100	-	-	Inactive
CMBC International Investment Limited	British Virgin Islands	US$1	-	-	100	100	Investment holding
CMBC International Investment (HK) Limited	Hong Kong	HK$602,110,100	100	100	-	-	Investment holding
民银金投资本管理(北京)有限公司	Beijing, PRC	RMB588,000,000	-	-	100	100	Investment holding
宁波民银金投股权投资管理有限公司	Ningbo, PRC	RMB50,000,000	-	-	100	100	Asset management

12 Investment in subsidiaries (Continued)

Name of company	Place of incorporation and operation	Particulars of issued and paid up share capital	Proportion of ownership interest held by the Company 2024 %	held by the Company 2023 %	held by a subsidiary 2024 %	held by a subsidiary 2023 %	Principal activities
民银金投(深圳) 投资咨询有限公司	Shenzhen, PRC	RMB5,000,000	-	-	100	100	Asset management
CMBC Asset Management Company Limited	Hong Kong	HK$12,000,000	-	-	69.19	67.95	Provision of asset management services
CMBC Capital Holdings Limited ("CMBC Capital")	Bermuda	HK$439,702,277	0.22	0.22	68.97	67.73	Investment holding
CMBC Securities Company Limited	Hong Kong	HK$2,500,000,000	-	-	69.19	67.95	Provision of brokerage services and securities margin financing services
CMBC International Futures Company Limited	Hong Kong	HK$50,000,000	-	-	69.19	67.95	Provision of futures and options dealing services
CMBC Investment (HK) Limited	Hong Kong	HK$10,000,000	-	-	69.19	67.95	Investment holding
CMBC Insurance Consultancy Co Limited	Hong Kong	HK$100	-	-	69.19	67.95	Insurance agency service
CMBCC Investment Management (Cayman) Limited	Cayman Islands	US$1	-	-	69.19	67.95	Investment holding
MSSY Investment Holding Limited	British Virgin Islands	US$1	-	-	100	100	Investment holding
Cap Port Holding Limited	British Virgin Islands	US$100	-	-	69.19	67.95	Investment holding

CMBC INTERNATIONAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 Investment in subsidiaries (Continued)

Name of company	Place of incorporation and operation	Particulars of issued and paid up share capital	Proportion of ownership interest held by the Company		Proportion of ownership interest held by a subsidiary		Principal activities
			2024	2023	2024	2023	
			%	%	%	%	
Cap FH Holding Limited	British Virgin Islands	US$1	-	-	69.19	67.95	Investment holding
YBX Company Limited	Hong Kong	HK$1	-	-	69.19	67.95	Investment holding
Cap Success Holding Limited	British Virgin Islands	US$1	-	-	69.19	67.95	Investment holding
CMBCC Special Opportunities Fund SP8	Cayman Islands	N/A	-	-	69.19	67.95	Investment fund
CMBCC Stable Investment Fund SP2	Cayman Islands	N/A	-	-	88.79	91.72	Investment fund
CMBCC High Yield Income Fund SP3	Cayman Islands	N/A	-	-	100	100	Investment fund
CMBC Aggregate Greater China Select Bond Fund	Hong Kong	N/A	-	-	99.53	98.23	Investment fund
CMBC Aggregate Greater China Strategy Fund	Hong Kong	N/A	-	-	100	100	Investment fund
宁波民银新动能私募基金合伙企业（有限合伙）	Ningbo, PRC	N/A	-	-	100	100	Investment fund
CMBC Asset Management Open-ended Fund Company	Hong Kong	HK$100	-	-	69.19	-	Open-ended fund

13 Property, plant and equipment

	Leasehold improvements HK$	Furniture and fixtures HK$	Office equipment HK$	Computer Equipment HK$	Motor vehicle HK$	Total HK$
Cost:						
At 1 January 2023	10,301,300	910,770	5,964,424	2,679,600	425,250	20,281,344
Additions	538,005	93,423	2,960,475	16,533	712,494	4,320,930
Exchange realignment	-	-	-	(902)	-	(902)
At 31 December 2023	10,839,305	1,004,193	8,924,899	2,695,231	1,137,744	24,601,372
Accumulated depreciation:						
At 1 January 2023	7,167,027	697,001	4,375,943	2,676,443	398,672	15,315,086
Charge for the year	2,150,199	168,190	1,043,000	724	93,374	3,455,487
Exchange realignment	-	-	-	(856)	-	(856)
At 31 December 2023	9,317,226	865,191	5,418,943	2,676,311	492,046	18,769,717
Net book value:						
At 31 December 2023	1,522,079	139,002	3,505,956	18,920	645,698	5,831,655
Cost:						
At 1 January 2024	10,839,305	1,004,193	8,924,899	2,695,231	1,137,744	24,601,372
Additions	49,650	-	2,002,524	186,750	-	2,238,924
Exchange realignment	-	-	-	(1,686)	-	(1,686)
At 31 December 2024	10,888,955	1,004,193	10,927,423	2,880,295	1,137,744	26,838,610
Accumulated depreciation:						
At 1 January 2024	9,317,226	865,191	5,418,943	2,676,311	492,046	18,769,717
Charge for the year	968,362	73,070	1,160,795	9,514	89,062	2,300,803
Exchange realignment	-	-	-	(1,335)	-	(1,335)
At 31 December 2024	10,285,588	938,261	6,579,738	2,684,490	581,108	21,069,185
Net book value:						
At 31 December 2024	603,367	65,932	4,347,685	195,805	556,636	5,769,425

14 Leases

(a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	As at 31 December 2024 HK$	As at 31 December 2023 HK$
Right-of-use asset		
Office	53,510,445	56,020,945
Lease liabilities		
Current	30,936,884	19,182,960
Non-current	25,100,398	39,445,028

During the year ended 31 December 2024, there was addition of HK$20,326,394 (2023: Nil) to the right-of-use assets relating the lease of a new office.

(b) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	2024 HK$	2023 HK$
Depreciation of right-of-use asset		
Office (note 9(a))	22,836,894	19,207,181
Interest expenses (included in finance costs) (note 9(b))	2,146,610	2,402,640

The total cash outflow for leases in 2024 was HK$22,875,680 (2023: HK$22,534,200).

(c) The Group's leasing activities and how these are accounted for

For the year ended 31 December 2024, the Group leases two offices (2023: one office), and office rental contracts are typically made for fixed periods of 2 to 6 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

15 Intangible assets

	Computer software HK$	Customers' relationship HK$	Trading rights HK$	Total HK$
Cost:				
At 1 January 2023 and 31 December 2023	1,141,066	31,528,000	960,000	33,629,066
Accumulated amortisation:				
At 1 January 2023	1,141,066	31,528,000	-	32,669,066
Charge for the year	-	-	-	-
At 31 December 2023	1,141,066	31,528,000	-	32,669,066
Net book value:				
At 31 December 2023	-	-	960,000	960,000
Cost:				
At 1 January 2024 and 31 December 2024	1,141,066	31,528,000	960,000	33,629,066
Accumulated amortisation:				
At 1 January 2024	1,141,066	31,528,000	-	32,669,066
Charge for the year	-	-	-	-
At 31 December 2024	1,141,066	31,528,000	-	32,669,066
Net book value:				
At 31 December 2024	-	-	960,000	960,000

Trading rights represent rights that confer eligibility of the Group to trade on the Stock Exchange and the Hong Kong Futures Exchange Limited ("HKFE"). The trading rights have no foreseeable limit to period that the Group can use to generate net cash flows, accordingly, the trading rights are considered as having indefinite useful lives.

Customers' relationship represents the customers' networks of brokerage and related business. Amortisation for customers' relationship with finite useful lives is recognised on a straight-line basis over its estimated useful lives of 6 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

No impairment of trading rights was identified based on the valuation performed internally for both years using the income approach at a discount rate of 10.45% at 31 December 2024 (2023: 8.06%).

15 Intangible assets (Continued)

The trading rights and customers' relationship also formed part of the assets included in the CGU for which goodwill impairment is assessed and details are set out in note 16.

16 Goodwill

For the purpose of impairment testing at 31 December 2024 and 2023 of the Group, goodwill has been allocated to one cash generating unit ("CGU"), comprising CMBC Capital and its subsidiaries.

The basis of the recoverable amount of the CGU and its major underlying assumptions are summarised below.

The recoverable amount of the CGU has been determined by the value-in-use in respect of the above entities comprising the CGU for the year ended 31 December 2024 and 2023. The value-in-use was assessed by the management based on a business valuation performed internally.

The cash flow projections at 31 December 2024 has taken into account the expansion of business. The cash flows beyond the 3-year period are extrapolated assuming 2% growth rate. This growth rate is based on the expectation of long-term inflation in Hong Kong. Other key assumptions for the cash flow projections relate to the estimation of cash inflows/outflows which include estimated income generated from the CGU, such estimation is based on the past performance of the CGU and the expectation on the market development.

For the purpose of impairment assessment, the value-in-use of the CGU amounting to HK$3,798,338,465 (2023: for the purpose of impairment assessment, the value-in-use of the CGU amounting to HK$3,665,402,434). By comparing the aforesaid aggregate carrying amount of the CGU with the value-in-use of the CGU, the management determined that the recoverable amount of the CGU is estimated to be more than the aggregate carrying amounts of net assets directly attributable to the CGU, goodwill, trading rights and customers' relationship and no impairment losses in respect of goodwill (2023: Nil) is recognised in profit or loss during the year ended 31 December 2024.

17 Financial assets/(liabilities) at fair value through profit or loss

	2024 HK$	2023 HK$
Financial assets at fair value through profit or loss		
Non-current		
Unlisted preference shares	-	6,944,156
Current		
Listed equity securities	2,243,274,410	457,945,800
Debt securities	3,808,321,955	4,430,196,869
Listed or quoted investment funds	6,108,011	6,230,493
Unlisted equities	819,965,076	645,065,289
Unlisted investment funds	1,915,012,291	1,319,536,072
Unlisted convertible debt investments	7,619,068	10,619,068
Credit linked notes	162,245,655	-
	8,962,546,466	6,869,593,591

17 Financial assets/(liabilities) at fair value through profit or loss (Continued)

	2024 HK$	2023 HK$
Financial liabilities at fair value through profit or loss		
Current		
Payables to interest holders of unlisted consolidated investment funds	(42,058,009)	(30,800,291)
	(42,058,009)	(30,800,291)

The fair value of unlisted investments has been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. The valuation techniques and inputs used in fair value measurements are disclosed in note 31(f)(i).

18 Financial assets at amortised cost

	2024 HK$	2023 HK$
Listed debt securities	519,619,595	548,029,843
Less: Allowance for expected credit losses	(36,414,144)	(36,264,695)
	483,205,451	511,765,148
Analysed for reporting purposes as:		
- Non-current assets	148,211,647	511,765,148
- Current assets	334,993,804	-
	483,205,451	511,765,148

During the year ended 31 December 2024, impairment losses of HK$149,449 was recognised (2023: HK$1,782,744) in the consolidated statement of profit or loss and other comprehensive income.

18 Financial assets at amortised cost (Continued)

Movement in expected credit losses is as follows:

	For the year ended 31 December 2024 Expected credit loss			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Total HK$
At 1 January	723,899	-	35,540,796	36,264,695
Impairment losses (released)/charged to profit or loss (note 8)	(249,749)	-	399,198	149,449
At 31 December	474,150	-	35,939,994	36,414,144

	For the year ended 31 December 2023 Expected credit loss			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Total HK$
At 1 January	-	-	34,481,951	34,481,951
Impairment losses charged to profit or loss (note 8)	723,899	-	1,058,845	1,782,744
At 31 December	723,899	-	35,540,796	36,264,695

Analysis of the gross carrying amount for which an expected credit loss allowance is recognised according to the stage of expected credit losses is as follows:

	Stage of assets			
	Stage 1 12-month ECL HK$	Stage 2 Lifetime ECL HK$	Stage 3 Lifetime ECL (Credit-impaired) HK$	Total HK$
As at 31 December 2024	477,589,431	-	42,030,164	519,619,595
As at 31 December 2023	505,734,476	-	42,295,367	548,029,843

19 Loans and receivables

	2024 HK$	2023 HK$
Secured	1,755,237,575	1,203,396,770
Unsecured	136,115,703	-
Less: Allowance for expected credit losses	(474,945,769)	(472,796,280)
	1,416,407,509	730,600,490

	2024 HK$	2023 HK$
Analysed for reporting purposes as:		
- Non-current assets	856,229,668	485,178,959
- Current assets	560,177,841	245,421,531
	1,416,407,509	730,600,490

During the year ended 31 December 2024, impairment losses of HK$2,149,489 was recognised (2023: HK$150,922,650) in the consolidated statement of profit or loss and other comprehensive income.

Movement in expected credit losses is as follows:

	For the year ended 31 December 2024 Expected credit loss			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Total HK$
At 1 January	3,241,153	-	469,555,127	472,796,280
Impairment losses (released)/charged to profit or loss (note 8)	(1,657,198)	-	3,806,687	2,149,489
At 31 December	1,583,955	-	473,361,814	474,945,769

	For the year ended 31 December 2023 Expected credit loss			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Total HK$
At 1 January	968,026	-	337,032,371	338,000,397
Transfers between stages	(656)	-	656	-
Impairment losses charged to profit or loss (note 8)	2,273,783	-	148,648,867	150,922,650
Write-off	-	-	(16,126,767)	(16,126,767)
At 31 December	3,241,153	-	469,555,127	472,796,280

19 Loans and receivables (Continued)

Analysis of the gross carrying amount for which an expected credit loss allowance is recognised according to the stage of expected credit losses is as follows:

	Stage of assets			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	Total
	HK$	HK$	HK$	HK$
As at 31 December 2024	1,258,893,021	-	632,460,257	1,891,353,278
As at 31 December 2023	541,450,620	-	661,946,150	1,203,396,770

20 Financial assets at fair value through other comprehensive income

	2024	2023
	HK$	HK$
Listed, unlisted or quoted investments at fair value		
- Debt securities	4,284,885,683	4,436,195,448
- Equity instruments	3,318,149,413	5,302,551,396
	7,603,035,096	9,738,746,844
Analysed for reporting purposes as:		
- Non-current assets	673,684,458	486,588,334
- Current assets	6,929,350,638	9,252,158,510
	7,603,035,096	9,738,746,844

20 Financial assets at fair value through other comprehensive income (Continued)

Movement in expected credit losses is as follows:

	For the year ended 31 December 2024 Expected credit loss				
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Purchased or Originated Credit Impaired HK$	Total HK$
At 1 January	6,883,804	-	1,074,405,544	566,479	1,081,855,827
Impairment losses charged to profit or loss (note 8)	330,451	-	19,024,880	37,212	19,392,543
Derecognition	(2,625,564)	-	(157,826,639)	-	(160,452,203)
At 31 December	4,588,691	-	935,603,785	603,691	940,796,167

	For the year ended 31 December 2023 Expected credit loss				
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Purchased or Originated Credit Impaired HK$	Total HK$
At 1 January	8,918,815	894,093	786,386,582	-	796,199,490
Transfers between stages	-	(674,871)	674,871	-	-
Impairment losses charged to profit or loss (note 8)	2,064,340	34,154	287,344,091	566,479	290,009,064
Derecognition	(4,099,351)	(253,376)	-	-	(4,352,727)
At 31 December	6,883,804	-	1,074,405,544	566,479	1,081,855,827

20 Financial assets at fair value through other comprehensive income (Continued)

Analysis of the carrying amount for which an expected credit loss allowance is recognised according to the stage of expected credit losses is as follows:

	Stage of assets				
	Stage 1 12-month ECL HK$	Stage 2 Lifetime ECL HK$	Stage 3 Lifetime ECL (Credit-impaired) HK$	Purchased or Originated Credit Impaired HK$	Total HK$
As at 31 December 2024	4,158,959,741	-	125,212,062	713,880	4,284,885,683
As at 31 December 2023	4,294,794,728	-	140,868,952	531,768	4,436,195,448

21 Accounts receivables

	2024 HK$	2023 HK$
Accounts receivables arising from the ordinary course of business of securities brokerage, futures and options dealing services:		
- Clearing house	306,354,017	40,426,606
- Cash clients	8,993,799	10,049
- Margin clients	476,217,192	142,164,967
- Brokers and dealers	18,264,832	-
Accounts receivables arising from the ordinary course of business of securities underwriting	6,808,792	4,191,664
Accounts receivables arising from the ordinary course of business of advisory and client referral services	2,367,972	2,501,562
Accounts receivables arising from the ordinary course of business of asset management services	4,529,358	788,984
	823,535,962	190,083,832
Less: Allowance for expected credit losses	(105,547,655)	(104,123,388)
	717,988,307	85,960,444

21 Accounts receivables (Continued)

Movement in expected credit losses is as follows:

	For the year ended 31 December 2024 Expected credit loss				
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
At 1 January	3,516	-	101,406,912	2,712,960	104,123,388
Impairment losses charged to profit or loss (note 8)	34,504	-	1,389,763	-	1,424,267
At 31 December	38,020	-	102,796,675	2,712,960	105,547,655

	For the year ended 31 December 2023 Expected credit loss				
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
At 1 January	328,610	-	62,048,461	2,712,960	65,090,031
Impairment losses (released)/charged to profit or loss (note 8)	(325,094)	-	39,358,451	-	39,033,357
At 31 December	3,516	-	101,406,912	2,712,960	104,123,388

Analysis of the gross carrying amount for which an expected credit loss allowance is recognised according to the stage of expected credit losses is as follows:

	Stage of assets				
	Stage 1 12-month ECL HK$	Stage 2 Lifetime ECL HK$	Stage 3 Lifetime ECL (Credit-impaired) HK$	Simplified approach Lifetime ECL HK$	Total HK$
As at 31 December 2024	700,955,298	-	108,874,542	13,706,122	823,535,962
As at 31 December 2023	73,496,298	-	109,105,324	7,482,210	190,083,832

21 Accounts receivables (Continued)

Accounts receivables arising from the business of dealing in securities

The Group seeks to maintain tight control over its outstanding accounts receivables and has procedures and policies to assess its clients' credit quality and defines credit limits for each client. All client acceptances and credit limit are approved by designated approvers according to the clients' credit worthiness.

The normal settlement terms of accounts receivables from clients and clearing house, except for accounts receivables due from margin clients, arising from the ordinary course of business of securities brokerage services are two trading days after the trade date.

Accounts receivables due from margin clients

Accounts receivables due from margin clients are repayable on demand and carry interest at 4.6% to 18.9% per annum during the year ended 31 December 2024 (2023: 5% to 18.9% per annum). The fair values of the pledged securities as at 31 December 2024 was approximately HK$2,790,298,593 (2023: HK$250,535,369). Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the amount of accounts receivables outstanding exceeds the eligible margin value of securities deposited.

As at 31 December 2024, approximately 70% (2023: 23%) of the balance were secured by sufficient collateral on an individual basis. The corresponding collaterals held could be sold at the Group's discretion to settle any outstanding amounts owed by the margin clients when the loan to value ratio (after margin ratio haircut) is over 100%. The Group did not repledge collaterals held for financing as at 31 December 2024 and 2023.

No ageing analysis in respect of accounts receivables from margin clients is disclosed as, in the opinion of directors of the Company, an ageing analysis does not give additional value in view of the nature of this business.

Accounts receivables arising from the business of dealing in securities are assessed for ECLs in accordance with the policy set out in note 2(l). During the year ended 31 December 2024, impairment losses of HK$1,424,267 (2023:HK$39,033,357) was recognised in the consolidated statement of profit or loss and other comprehensive income.

Movement in the allowance for expected credit losses on accounts receivables arising from the business of dealing in securities are as follows:

	Cash clients HK$	Margin clients HK$	Total HK$
Balance at 1 January 2023	-	62,377,071	62,377,071
Impairment loss recognised during the year (note 8)	-	39,033,357	39,033,357
Balance at 31 December 2023	-	101,410,428	101,410,428
Impairment loss recognised during the year (note 8)	-	1,424,267	1,424,267
Balance at 31 December 2024	-	102,834,695	102,834,695

21 Accounts receivables (Continued)

Accounts receivables due from margin clients (Continued)

The Group is allowed to offset certain accounts receivables and accounts payable when the Group currently has a legally enforceable right to set off the balances, and intends to settle on a net basis or to realise the balances simultaneously. Details are set out in note 32.

Accounts receivables arising from the businesses of securities underwriting, advisory, client referral and asset management services

Ageing of accounts receivables arising from the ordinary course of businesses of securities underwriting, advisory, client referral and asset management services, based on the due date, is as follows:

	2024 HK$	2023 HK$
No past due	2,964,439	3,319,453
Less than 31 days past due	458,549	370,567
31–60 days past due	3,994,429	141,987
61–90 days past due	1,820,508	29,365
Over 90 days past due	4,468,197	3,620,838
	13,706,122	7,482,210
Less: Allowance for expected credit losses	(2,712,960)	(2,712,960)
Total	10,993,162	4,769,250

The Group applies HKFRS 9 simplified approach to measure the expected credit losses for accounts receivables arising from the business of securities underwriting, advisory, client referral and asset management services. During the years ended 31 December 2024 and 2023, no impairment losses was recognised in the consolidated statement of profit or loss and other comprehensive income.

22 Cash and cash equivalents and other cash flow information

(a) Cash held on behalf of customers

From the Group's ordinary business in provision of brokerage and related services, the Group receives and holds money deposited by clients in the course of the conduct of the regulated activities. These clients' monies are maintained in segregated bank accounts at market interest rates. The Group has recognised the corresponding accounts payable to respective clients. As at 31 December 2024, the segregated accounts with authorized institutions in relation to its brokerage business totaling HK$211,320,805 (2023: HK$254,015,728), in which HK$52,434,093 (2023: HK$48,376,036) were placed with a bank, which is a branch of the ultimate holding company of the Group.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and bank deposits at variable interest rate with original maturity of three months or less.

As at 31 December 2024, cash and cash equivalents with authorized institutions totaling HK$804,156,517 (2023: HK$1,073,396,018).

As at 31 December 2024, bank balances amounting to HK$315,361,219 (2023: HK$439,685,646) were placed with a bank, which is a branch of the ultimate holding company of the Group.

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22 Cash and cash equivalents and other cash flow information (Continued)

(c) Reconciliation of profit/(loss) for the year to cash (used in)/generated from operations:

	2024 HK$	2023 HK$ (Restated)
Operating activities		
Profit/(loss) for the year	50,441,126	(1,063,022,145)
Adjustments for:		
Income tax expense	40,529,387	346,869
Interest income from provision of securities margin financing	(6,096,009)	(8,011,274)
Interest income from provision of finance	(76,587,852)	(80,978,132)
Interest income from debt securities investments	(649,602,239)	(660,081,164)
Interest income from banks and other financial institutions	(20,488,544)	(49,324,095)
Dividend income	(185,788,757)	(256,090,908)
Net (gains)/losses from financial assets at fair value through other comprehensive income	(70,767,305)	167,409,220
Net (gains)/losses on financial assets/liabilities at fair value through profit or loss	(41,770,983)	250,739,019
Net gains on derivative financial instruments	(158,694,706)	-
Net gains on financial assets at amortised cost	(12,833,440)	-
Provision of impairment losses	23,121,315	485,225,159
Depreciation and amortisation	25,137,697	22,662,668
Finance costs	914,605,763	1,023,128,167
Operating cash flows before movements in working capital	(168,794,547)	(167,996,616)
Increase in financial assets at fair value through profit or loss	(2,113,118,080)	(103,525,345)
Changes in derivative financial instruments	33,574,935	89,381,841
Decrease/(increase) in financial assets at amortised cost	38,076,969	(506,199,436)
Decrease in financial assets at fair value through other comprehensive income	2,536,198,410	8,353,154,313
Increase in loans and receivables	(833,936,177)	(478,056,029)
(Increase)/decrease in accounts receivables	(627,356,121)	12,752,794
Decrease/(increase) in cash held on behalf of customers	42,694,923	(30,287,730)
Increase in other assets	(132,813,323)	(126,415,640)
Increase/(decrease) in financial liabilities at fair value through profit or loss	11,069,871	(192,113,910)
(Decrease)/increase in accounts payable	(37,358,384)	63,700,794
(Decrease)/increase in accruals and other payables	(64,632,970)	104,025,918
Increase/(decrease) in financial assets sold under repurchase agreements	109,024,186	(4,604,697,680)
Cash (used in)/generated from operations	(1,207,370,308)	2,413,723,274

22 Cash and cash equivalents and other cash flow information (Continued)

(d) Reconciliation of liabilities arising from financing activities

	Bank loans HK$	Lease liabilities HK$	Total HK$
At 31 December 2023 and 1 January 2024	8,543,427,540	58,627,988	8,602,055,528
Changes from financing cash flows:			
Proceeds from new bank loans	13,062,234,388	-	13,062,234,388
Repayment of bank loans	(12,174,378,631)	-	(12,174,378,631)
Principal and interest elements of lease payments	-	(22,875,680)	(22,875,680)
Total changes from financing cash flows	887,855,757	(22,875,680)	864,980,077
Exchange adjustments	(60,817,477)	-	(60,817,477)
Other changes			
- New lease entered	-	18,138,364	18,138,364
- Interest expenses	-	2,146,610	2,146,610
At 31 December 2024	9,370,465,820	56,037,282	9,426,503,102

22 Cash and cash equivalents and other cash flow information (Continued)

(d) Reconciliation of liabilities arising from financing activities (Continued)

	Bank loans HK$	Notes payable HK$	Lease liabilities HK$	Total HK$
At 31 December 2022 and 1 January 2023	13,316,376,000	-	78,759,548	13,395,135,548
Changes from financing cash flows:				
Proceeds from new bank loans	14,969,504,796	-	-	14,969,504,796
Issuance of notes	-	54,682,500	-	54,682,500
Repayment of notes	-	(54,476,500)	-	(54,476,500)
Repayment of bank loans	(19,781,312,918)	-	-	(19,781,312,918)
Principal and interest elements of lease payments	-	-	(22,534,200)	(22,534,200)
Total changes from financing cash flows	(4,811,808,122)	206,000	(22,534,200)	(4,834,136,322)
Exchange adjustments	38,859,662	(206,473)	-	38,653,189
Other changes				
- Interest expenses	-	243,752	2,402,640	2,646,392
- Interest paid	-	(243,279)	-	(243,279)
At 31 December 2023	8,543,427,540	-	58,627,988	8,602,055,528

23 Other assets and interest receivables

	2024 HK$	2023 HK$
Non-current asset		
Deposits	11,080,559	19,524,444
Current assets		
Prepayments and deposits	12,035,923	16,549,016
Other receivables*	472,339,126	325,702,770
	484,375,049	342,251,786
Interest receivables	333,699,611	264,091,042

* Included in the amount of other receivables, approximately HK$461.9million were the receivables arising from securities trading as at 31 December 2024 (2023: HK$303.1 million), which had been settled shortly after the year-end.

The Group's interest receivables arise mainly from fixed-income direct investment business with gross carrying amount of HK$359,806,714 (2023: HK$299,280,985). An impairment loss of HK$5,567 (2023: HK$3,477,344) was recognised for the year ended 31 December 2024. The amount of ECL is updated at each reporting date to reflect the change in credit risk of the respective financial instruments since initial recognition.

24 Accounts payables

	2024 HK$	2023 HK$
Accounts payable arising from the ordinary course of business of securities brokerage, futures and options dealing services:		
- Cash clients	95,736,600	118,836,110
- Margin clients	99,400,486	40,415,925
- Clearing house	602,488	68,377,873
- Broker	70,499,380	5,468,050
	266,238,954	233,097,958

<u>Accounts payable arising from the business of dealing in securities</u>

The accounts payable balances arising from the ordinary course of business of securities brokerage services are normally settled in two trading days after the trade date except for the money held on behalf of clients at the segregated bank accounts which are repayable on demand. No ageing analysis is disclosed as, in the opinion of directors of the Group, an ageing analysis does not give additional value in view of the nature of this business.

25 Accruals and other payables

	2024 HK$	2023 HK$ (Restated)
Accrued expenses	41,932,600	43,244,994
Other payables*	185,266,385	313,915,026
Interest payables	123,274,327	161,149,684
	350,473,312	518,309,704

All of the accruals and other payables are expected to be settled within one year or repayable on demand.

* Included in the amount of other payables, approximately HK$132.8 million were the payables arising from securities trading as at 31 December 2024 (2023: HK$258.0 million), which had been settled shortly after the year-end.

26 Bank loans

	2024 HK$	2023 HK$
Unsecured bank loans	9,370,465,820	8,543,427,540

Bank loans are repayable within one year and classified as current liabilities.

At 31 December 2024, the Group's banking facilities amounted to HK$20,424,000,000 (2023: HK$20,942,000,000). The facilities were utilised to the extent of HK$9,370,465,820 (2023: HK$8,543,427,540), which is unsecured.

27 Financial assets sold under repurchase agreements

	2024 HK$	2023 HK$
Financial assets sold under repurchase agreements		
Analysed by type of collateral:		
- Bonds	7,721,430,538	7,612,406,352

27 Financial assets sold under repurchase agreements (Continued)

As at 31 December 2024, the Group entered into sales and repurchase agreements with financial institutions to sell bonds recognised as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income with carrying amount of HK$9,923,835,650 (2023: HK$10,030,830,464), which are subject to the simultaneous agreements to repurchase these investments (or assets that are substantially the same) at the agreed dates and prices.

Sales and repurchase agreements are transactions in which the Group sells bonds and simultaneously agrees to repurchase them (or assets that are substantially the same) at the agreed dates and prices. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of those bonds sold. The bonds are not derecognised from the financial statements but regarded as "collaterals" for the liabilities because the Group retains substantially all the risks and rewards of the bonds.

28 Notes payable

In 2023, a subsidiary of the Company issued notes in the aggregate principal amount of RMB50,000,000 (or HK$54,476,500 equivalent) to independent third parties. The notes carry fixed interest at 1.75% per annum and were to be redeemed within six months. During the year ended 31 December 2023, the aggregate note principals of RMB50,000,000 were fully redeemed.

As at 31 December 2024 and 2023, there was no outstanding principal amount of the notes payable.

The movement of the notes payable for the years ended 31 December 2024 and 2023 are set out below:

	2024 HK$	2023 HK$
At the beginning of the year		-
Issue of notes	-	54,682,500
Interest charged (note 9(b))	-	243,752
Repayment of note principal	-	(54,476,500)
Interest paid	-	(243,279)
Exchange realignment	-	(206,473)
At the end of the year	-	-

The carrying amounts of the above notes payable are repayable:		
- Within one year	-	-

29 Current and deferred income tax

(a) Deferred tax liabilities recognised:

The following are the major deferred tax liabilities of the Group recognised and movements thereon during the current and prior year:

	Unrealised gain on financial Instruments HK$	Total HK$
Balance 1 January 2023	65,687,299	65,687,299
Credited to profit or loss (note 10)	(20,778,430)	(20,778,430)
Exchange realignment	(114,105)	(114,105)
Balance at 31 December 2023 and 1 January 2024	44,794,764	44,794,764
Charged to profit or loss (note 10)	2,487,056	2,487,056
Exchange realignment	(23,805)	(23,805)
Balance at 31 December 2024	47,258,015	47,258,015

(b) Deferred tax assets recognised:

	Impairment provision HK$	Tax losses HK$	Total HK$
Balance 1 January 2023	(16,031,254)	(16,620,281)	(32,651,535)
Debited to profit or loss (note 10)	565	-	565
Balance at 31 December 2023, 1 January 2024 and 31 December 2024	(16,030,689)	(16,620,281)	(32,650,970)

In accordance with the accounting policy set out in note 2(s), the Group has not recognised deferred tax assets in respect of cumulative tax loss of approximately HK$3,419 million (2023: approximately HK$3,265 million) as management is uncertain on whether future taxable profits against which the credits or losses can be utilised will be available. The tax losses do not expire under the current tax legislation.

30 Capital and reserves

(a) Share capital

	2024		2023	
	No. of shares	Amount HK$	No. of shares	Amount HK$
Ordinary shares, issued and fully paid:				
Balance as at 1 January and 31 December	4,207,300,000	4,207,300,000	4,207,300,000	4,207,300,000

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at the general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Nature and purpose of reserves

Fair value reserve

This reserve comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 2(k).

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The capital structure of the Group consists of debts, which include bank loans, financial assets sold under repurchase agreements and equity attributable to owners of the Company, comprising issued share capital and reserves.

30 Capital and reserves (Continued)

(c) Capital management (Continued)

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors of the Company consider the cost of capital and other sources of funds other than issuance of shares, including bank loans and financial assets sold under repurchase agreements. Based on the recommendation of the directors of the Company, the Group will balance its overall capital structure through raising or repayment of borrowings.

CMBC Securities Company Limited, CMBC International Futures Company Limited, CMBC Asset Management Company Limited and CMBC International Capital Limited are registered by the Hong Kong Securities and Futures Commission (the "SFC") and are subject to the liquid capital requirements under the Hong Kong Securities and Futures (Financial Resources) Rules (the "SF(FR)R") adopted by the SFC. For the licensed subsidiaries, the Group ensures each of them maintains a liquid capital level adequate to support the level of activities with sufficient buffer to accommodate for increases in liquidity requirements arising from potential increase in the level of business activities.

The Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as total debt divided by capital and total debt. During the years ended 31 December 2024 and 2023, the Group's strategy was to maintain a reasonable gearing ratio and a balance between higher shareholder returns with higher levels of borrowings and solid capital position, and make adjustment to capital structure in light of changes in economic conditions. The gearing ratios at 31 December 2024 and 2023 were as follows:

	2024 HK$	2023 HK$
Bank loans	9,370,465,820	8,543,427,540
Financial assets sold under repurchase agreements	7,721,430,538	7,612,406,352
Lease liabilities	56,037,282	58,627,988
Total debt	17,147,933,640	16,214,461,880
Equity attributable to owners of the Company	2,949,892,410	2,586,517,964
Capital and total debt	20,097,826,050	18,800,979,844
Gearing ratio	0.85	0.86

31 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate, and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to loans and receivables, accounts receivables, deposits and other receivables, financial assets at amortised cost, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, derivative financial instruments, interest receivables and bank balances as at 31 December 2024 and 2023.

The Group's maximum exposure to credit risk in the event of counterparties' failure to perform their obligations as at 31 December 2024 and 2023 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. For details relating to credit losses and impairment of financial assets, please refer to note 2(l).

In respect of loans and receivables, individual credit evaluations are performed on loan borrowers requiring credit over a certain amount. These take into account the loan borrowers' past payment history, financial position and other factors. The Group may obtain collaterals from loan borrowers.

In order to manage the credit risk in the accounts receivables due from clients arising from businesses of dealing in securities, individual credit evaluation is performed on all clients including cash and margin clients. Accounts receivables from cash clients generally settled in two days after trade date, credit risk arising from the accounts receivables due from cash clients is considered minimal. For margin clients, the Group normally obtains liquid securities as collateral based on the margin requirements.

The Group has not granted any committed facility amount to each of the margin clients and the margin loan is granted by the Group depending on the assessment of the quality of the collateral and credit risk of the respective client. The margin requirement is closely monitored on a daily basis by the designated team. In addition, the Group reviews the recoverable amount of each individual receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Market conditions and adequacy of securities collateral and margin deposits of each margin account are monitored by management on a daily basis. Margin calls and forced liquidation are made where necessary.

31 Financial risk management and fair values of financial instruments (Continued)

(a) Credit risk (Continued)

In respect of accounts receivables from clearing houses arising from businesses of dealing in securities and futures and options contracts, credit risks are considered low as the Group normally enters into transactions with clearing houses or agents which are registered with regulatory bodies. For accounts receivables arising from the ordinary course of business of asset management services, credit risks are considered to be minimal with exposures limited to related parties and reputable counterparties.

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong. As at 31 December 2024, the Group has concentration risk on its accounts receivables as the balance with the largest client represent 59% (2023: 35%) of the total accounts receivables from cash and margin clients and the three largest clients represent 59%, 10% and 7% (2023: 35%, 20% and 16%) respectively, of the accounts receivables from cash and margin clients. The Group has no other significant concentration risk.

The Company manages credit risk of loans and receivables by obtaining collaterals, guarantees or keepwell and liquidity deed from the borrowers. For loans and receivables, the management, the risk management department and relevant business units will review the financial strength, purpose of the borrowing, repayment ability of the borrower to ensure that the borrower has sound financial repayment ability prior to entering into a transaction. The Group assesses the credit profile of each individual debtor by analysing many factors that influence the default probability, including (but not limited to) the counterparty's financial profile, business prospects and management, macroeconomic development, industrial and sovereign risk, and historical performance. In the post-investment stage, the financial conditions of the borrower or the guarantors will be reviewed on a regular basis.

For the other financial assets, the management has closely monitored their status and it believes that the Group's credit risk exposure on them is minimal.

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all accounts receivables arising from the business of securities underwriting, advisory, client referral and asset management services, cash and cash equivalents and contract assets. The Group assessed such expected credit losses are immaterial for both years ended 31 December 2024 and 2023, except for those disclosed in note 21.

31 Financial risk management and fair values of financial instruments (Continued)

(b) Liquidity risk

The Group's policy is to regular monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and cash equivalent and adequate committed lines of funding from major financial institutions to meet its liquidity requirement in the short and long term. The management believes the working capital of the Group is adequate to meet its contractual and reasonably foreseeable obligations as they fall due.

The following tables detail the Group's liquidity analysis for its financial liabilities. The tables have been drawn up based on the undiscounted contractual cash outflows on the financial liabilities. To the extent that interest flows are floating rate, the undiscounted amount is derived from the prevailing market rate at the end of the reporting period.

	On demand or less than 1 year HK$	1 to 2 years HK$	2 to 5 years HK$	Total undiscounted cash flows HK$	Total carrying amount HK$
As at 31 December 2024					
Financial liabilities at FVTPL	42,058,009	-	-	42,058,009	42,058,009
Accounts payable	266,238,954	-	-	266,238,954	266,238,954
Bank loans	9,370,465,820	-	-	9,370,465,820	9,370,465,820
Financial assets sold under repurchase agreements	7,721,430,538	-	-	7,721,430,538	7,721,430,538
Other payables	308,540,712	-	-	308,540,712	308,540,712
Derivative financial instruments	89,216	-	-	89,216	89,216
Lease liabilities	30,936,884	27,217,740	-	58,154,624	56,037,282
	17,739,760,133	27,217,740	-	17,766,977,873	17,764,860,531

	On demand or less than 1 year HK$	1 to 2 years HK$	2 to 5 years HK$	Total undiscounted cash flows HK$	Total carrying amount HK$
As at 31 December 2023					
Financial liabilities at FVTPL	30,800,291	-	-	30,800,291	30,800,291
Accounts payable	233,097,958	-	-	233,097,958	233,097,958
Bank loans	8,543,427,540	-	-	8,543,427,540	8,543,427,540
Financial assets sold under repurchase agreements	7,612,406,352	-	-	7,612,406,352	7,612,406,352
Other payables (Restated)	475,064,710	-	-	475,064,710	475,064,710
Derivative financial instruments (Restated)	89,381,841	-	-	89,381,841	89,381,841
Lease liabilities	19,182,960	22,187,520	20,338,560	61,709,040	58,627,988
	17,003,361,652	22,187,520	20,338,560	17,045,887,732	17,042,806,680

31 Financial risk management and fair values of financial instruments (Continued)

(c) Interest rate risk

(i) Cash flow interest rate risk

The Group's cash flow interest rate risk arises primarily from variable rate financial assets and liabilities.

The Group's cash flow interest rate risk exposure is summarised as follows:

	2024		2023	
	Effective interest rate %	HK$	Effective interest rate %	HK$
Bank loans	SOFR + 0.55% to HIBOR + 0.55%	7,607,463,520	SOFR + 1.2% to HIBOR + 1.2%	8,359,146,380
Financial assets sold under repurchase agreements	3.35% to 6%	7,721,430,538	3.85% to 6.3%	7,612,406,352
Less: Financial assets at FVTPL	SOFR + 0.76% to SOFR + 2.5%	(266,930,179)	N/A	-
Less: Financial asstes at FVOCI	SOFR + 0.48% to SOFR + 1.12%	(557,215,174)	N/A	-
Less: Loans and receivables	Loan Prime Rate + 0.35% to HIBOR + 4.3%	(926,720,189)	Loan Prime Rate + 0.35% to SOFR + 4.3%	(465,459,525)
Less: saving account balances - HK and Macau banks	0.001% to 0.8%	(87,427,298)	0.001% to 0.875%	(177,356,589)
Less: saving account balances - PRC banks	0.01% to 0.20%	(101,995,242)	0.01% to 0.25%	(207,536,196)
Less: accounts receivables arising from the business dealing in securities for margin clients	4.6% to 18.9%	(476,217,192)	5% to 18.9%	(142,164,967)
		12,912,388,784		14,979,035,455

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for certain variable rate bank loans, loans and receivables, bank balances, accounts receivables arising from the business dealing in securities, financial assets at fair value through other comprehensive income and financial assets sold under repurchase agreements at the end of the reporting period. The analysis is prepared assuming these balances outstanding at the end of the reporting period were held/outstanding for the whole year. A 50 basis points (2023: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2023: 50 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2024 would decrease or increase by HK$53,909,223 (2023: loss for the year would be increase or decrease by HK$62,537,473).

31 Financial risk management and fair values of financial instruments (Continued)

(c) Interest rate risk (Continued)

(ii) Fair value interest rate risk

The Group's fair value interest rate risk arises primarily from financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss at the end of the reporting period. The analysis is prepared assuming these balances outstanding at the end of the reporting period were held/outstanding for the whole year. A 50 basis points (2023: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2023: 50 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2024 would decrease or increase by HK$25,019,524 (2023: loss for the year would be increase or decrease by HK$18,540,407), and the Group's other comprehensive income for the year ended 31 December 2024 would decrease or increase by HK$28,930,039 (2023: other comprehensive loss for the year would increase or decrease by HK$38,553,824).

(d) Currency risk

The Company's functional currency is Hong Kong dollars. The Group is exposed to currency risk primarily through investing activities giving rise to bank and cash, investment and other assets balance that are denominated in other currencies, being primarily United States dollars (USD) and Renminbi (RMB).

As the Hong Kong dollar (HKD) is pegged to the USD, the Group considers the risk of movements in exchange rates between the HKD and the USD to be insignificant. In respect of balances denominated in the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the Group's functional currency of HKD. For presentation purposes, the amounts of the exposure are expressed in HKD.

31 Financial risk management and fair values of financial instruments (Continued)

(d) Currency risk (Continued)

(i) Exposure to currency risk (Continued)

	2024 Renminbi	2023 Renminbi (Restated)
Monetary assets		
Cash and cash equivalents and cash held on behalf of customers	81,758,323	32,798,945
Financial assets at FVTPL	74,805,451	96,654,210
Financial assets at FVOCI	20,681,063	81,807,731
Loan and receivables	163,687,790	205,691,003
Bank loans	(831,499,900)	(908,164,040)
Net exposure to currency risk	(490,567,273)	(491,212,151)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit/(loss) before tax and reserves that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the HKD and the USD would be materially unaffected by any changes in movement in value of the USD against other currencies.

	2024		2023	
	Increase/ (decrease) in foreign exchange rates	Effect on profit before tax and retained earnings HK$	Increase/ (decrease) in foreign exchange rates (Restated)	Effect on loss before tax and retained earnings HK$ (Restated)
Renminbi (Monetary assets)	5%/ (5%)	(24,528,364)/ 24,528,364	5%/ (5%)	(24,560,608)/ 24,560,608

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for both 2024 and 2023.

(e) Other price risk

The Group is exposed to other price risk through its investment in financial assets at fair value through profit or loss, derivative financial instruments, financial liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income. The management manages its exposure by maintaining a portfolio of investments with different risk profiles.

The Group also held certain unlisted investments. The performance of the Group's unlisted investments is assessed, based on information available to the Group, periodically against performance of listed entities of comparable sign and nature of business.

31 Financial risk management and fair values of financial instruments (Continued)

(e) Other price risk (Continued)

Sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit/(loss) before tax and other comprehensive income/(loss) that would arise assuming that the change in fair values had occurred at the end of the reporting period and had been applied to re-measure those financial instruments which expose the Group to equity price risk at the end of the reporting period. The analysis is performed on the same basis for 2024 and 2023.

As at 31 December 2024

	Increase/ (decrease) in prices of underlying instrument	Carrying amount HK$	Increase/ (decrease) in profit before tax HK$	Increase/ (decrease) in other comprehensive income HK$
Financial assets at fair value through profit or loss:				
Unlisted investment funds	5%/(5%)	1,915,012,291	95,750,615/ (95,750,615)	-
Unlisted equities	5%/(5%)	819,965,076	40,998,254/ (40,998,254)	-
Listed or quoted investment funds	5%/(5%)	6,108,011	305,401/ (305,401)	-
Listed equity securities	5%/(5%)	2,243,274,410	112,163,721/ (112,163,721)	-
Derivative financial instruments (equity related):				
Redemption guarantee contract	5%/(5%)	31,500,482	1,575,024/ (1,575,024)	-
Stock call option	5%/(5%)	(89,216)	(4,461)/ 4,461	-
Financial assets at fair value through other comprehensive income:				
Equity instruments	5%/(5%)	3,318,149,413	-	165,907,470/ (165,907,470)
Financial liabilities at fair value through profit or loss:				
Payables to interest holders of unlisted consolidated investment funds	5%/(5%)	(42,058,009)	(2,102,900)/ 2,102,900	-

31 Financial risk management and fair values of financial instruments (Continued)

(e) Other price risk (Continued)

Sensitivity analysis (Continued)

As at 31 December 2023

	Increase/ (decrease) in prices of underlying instrument	Carrying amount HK$	Decrease/ (increase) in loss before tax HK$	Decrease/ (increase) in other comprehensive loss HK$
Financial assets at fair value through profit or loss:				
Unlisted investment funds	5%/(5%)	1,319,536,072	65,976,804/ (65,976,804)	-
Unlisted preference shares	5%/(5%)	6,944,156	347,208/ (347,208)	-
Unlisted equities	5%/(5%)	645,065,289	32,253,264/ (32,253,264)	-
Listed or quoted investment funds	5%/(5%)	6,230,493	311,525/ (311,525)	-
Listed equity securities	5%/(5%)	457,945,800	22,897,290/ (22,897,290)	-
Derivative financial instruments (equity related):				
Stock call option (Restated)	5%/(5%)	(89,381,841)	(4,469,092)/ 4,469,092	-
Financial assets at fair value through other comprehensive income:				
Equity instruments	5%/(5%)	5,302,551,396	-	265,127,570/ (265,127,570)
Financial liabilities at fair value through profit or loss:				
Payables to interest holders of unlisted consolidated investment funds	5%/(5%)	(30,800,291)	(1,540,015)/ 1,540,015	-

31 Financial risk management and fair values of financial instruments (Continued)

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Fair value at 31 December 2024	Fair value measurements as at 31 December 2024 categorised into		
		Level 1	Level 2	Level 3
	HK$	HK$	HK$	HK$
Recurring fair value measurements				
Assets:				
Financial assets at fair value through profit or loss				
- Listed equity securities	2,243,274,410	385,921,225	1,857,353,185	-
- Debt securities	3,808,321,955	-	3,808,321,955	-
- Listed or quoted investment funds	6,108,011	6,108,011	-	-
- Unlisted equities	819,965,076	-	-	819,965,076
- Unlisted investment funds	1,915,012,291	-	-	1,915,012,291
- Unlisted convertible debt investments	7,619,068	-	-	7,619,068
- Credit linked notes	162,245,655	-	-	162,245,655
Derivative financial instruments	37,324,434	-	5,823,952	31,500,482
Financial assets at fair value through other comprehensive income				
- Debt investments	4,284,885,683	-	4,236,086,446	48,799,237
- Equity instruments	3,318,149,413	28,087,200	2,616,377,755	673,684,458
	16,602,905,996	420,116,436	12,523,963,293	3,658,826,267

31 Financial risk management and fair values of financial instruments (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

	Fair value at 31 December 2024 HK$	Fair value measurements as at 31 December 2024 categorised into Level 1 HK$	Level 2 HK$	Level 3 HK$
Recurring fair value measurements				
Liabilities:				
Financial liabilities at fair value through profit or loss				
- Payables to interest holders of unlisted consolidated investment funds	(42,058,009)	-	-	(42,058,009)
Derivative financial instruments	(89,216)	-	-	(89,216)
	(42,147,225)	-	-	(42,147,225)

During the year ended 31 December 2024, an equity investment was reclassified from level 3 to level 1 as it was listed with quoted price in active market available.

During the year ended 31 December 2023, an equity investment was reclassified from level 3 to level 2 as quoted price for similar assets in active market was available.

During the years ended 31 December 2024 and 2023, there were no other transfer between level 1 and level 2.

31 Financial risk management and fair values of financial instruments (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

	Fair value at 31 December 2023	Fair value measurements as at 31 December 2023 categorised into		
		Level 1	Level 2	Level 3
	HK$	HK$	HK$	HK$
Recurring fair value measurements				
Assets:				
Financial assets at fair value through profit or loss				
- Listed equity securities	457,945,800	454,156,637	3,789,163	-
- Debt investments	4,430,196,869	-	4,430,196,869	-
- Listed investment funds	6,230,493	6,230,493	-	-
- Unlisted equities	645,065,289	-	158,820,336	486,244,953
- Unlisted preference shares	6,944,156	-	-	6,944,156
- Unlisted investment funds	1,319,536,072	-	-	1,319,536,072
- Unlisted convertible debt investments	10,619,068	-	-	10,619,068
Financial assets at fair value through other comprehensive income				
- Debt investments	4,436,195,448	-	4,359,869,594	76,325,854
- Equity instruments	5,302,551,396	17,709,600	4,798,253,462	486,588,334
	16,615,284,591	478,096,730	13,750,929,424	2,386,258,437
Recurring fair value measurements				
Liabilities:				
Financial liabilities at fair value through profit or loss				
- Payables to interest holders of unlisted consolidated investment funds	(30,800,291)	-	-	(30,800,291)
Derivative financial instruments (Restated)	(89,381,841)			(89,381,841)
	(120,182,132)	-	-	(120,182,132)

31 Financial risk management and fair values of financial instruments (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

Valuation technique and inputs used in Level 3 fair value measurements

The table sets out information about valuation techniques used at year end in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

As at 31 December 2024

	Fair value at 31 December 2024 HK$	Valuation technique	Significant unobservable inputs
Financial assets at fair value through profit or loss			
Unlisted equities	819,965,076	Market approach/ Recent transaction price/Calibration /Equity allocation model	Discount rate for lack of marketability/ Scenario probability/ Sales multiples/ volatility
Unlisted investment funds	1,915,012,291	Market approach/ Recent transaction price/Calibration/ Equity allocation model/Binomial model/Net asset value	Discount rate for lack of marketability/Stock price movement/ Scenario probability/ Sales multiples/EBITDA multiples/Price-to-sales ratio/volatility
Unlisted convertible debt investments	7,619,068	Discounted cash flow	Discount rate
Credit linked notes	162,245,655	Discounted cash flow	Discount rate
Derivative financial instruments			
Redemption guarantee contract	31,500,482	Binomial model	Excess return adjustments/volatility/ risky rate
Financial assets at fair value through other comprehensive income			
Debt securities	48,799,237	Discounted cash flow model	Discount rate taking into account the credit risk of the issuer
Equity instruments	673,684,458	Recent transaction price	Discount rate for lack of marketability/Stock price movement

31 Financial risk management and fair values of financial instruments (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

Valuation technique and inputs used in Level 3 fair value measurements (Continued)

As at 31 December 2024 (Continued)

	Fair value at 31 December 2024 HK$	Valuation technique	Significant unobservable inputs
Financial liabilities at fair value through profit or loss			
Payables to interest holders of unlisted consolidated investment funds	(42,058,009)	Net asset value	Not applicable
Derivative financial instruments			
Stock call option	(89,216)	Black-Scholes model	Volatility/Risk free rate

As at 31 December 2023

	Fair value at 31 December 2023 HK$	Valuation technique	Significant unobservable inputs
Financial assets at fair value through profit or loss			
Unlisted equities	486,244,953	Market approach/ Recent transaction price/Calibration /Equity allocation model	Discount rate for lack of marketability/ Scenario probability/ Sales multiples/ volatility
Unlisted preference shares	6,944,156	Equity allocation model/ Probability weighted expected return method	Scenario probability/ Recovery rate of redemption
Unlisted investment funds	1,319,536,072	Market approach/ Recent transaction price/Calibration/ Equity allocation model/Net asset value	Discount rate for lack of marketability/ Scenario probability/ Sales multiples/EBITDA multiples/Price-to-sales ratio/volatility
Unlisted convertible debt investments	10,619,068	Discounted cash flow	Discount rate
Financial assets at fair value through other comprehensive income			
Debt securities	76,325,854	Discounted cash flow model	Discount rate taking into account the credit risk of the issuer
Equity instruments	486,588,334	Market approach	Discount rate for lack of marketability/Price-to-book ratio

31 Financial risk management and fair values of financial instruments (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

Valuation technique and inputs used in Level 3 fair value measurements (Continued)

As at 31 December 2023 (Continued)

	Fair value at 31 December 2023 HK$ (Restated)	Valuation technique	Significant unobservable inputs
Financial liabilities at fair value through profit or loss			
Payables to interest holders of unlisted consolidated investment funds	(30,800,291)	Net asset value	Not applicable
Derivative financial instruments			
Stock call option (Restated)	(89,381,841)	Black-Scholes model	Volatility/Risk free rate

Sensitivity of fair value measurement to changes in unobservable inputs

Although management believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on the Group's profit/(loss) before tax.

	Favourable HK$	(Unfavourable) HK$
31 December 2024		
Financial assets at fair value through profit or loss		
Unlisted equities	87,424,578	(77,613,728)
Unlisted investment funds	19,010,411	(19,002,649)
31 December 2023		
Financial assets at fair value through profit or loss		
Unlisted equities	106,350,139	(41,023,531)
Unlisted investment funds	15,701,115	(16,169,805)

31 Financial risk management and fair values of financial instruments (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

Sensitivity of fair value measurement to changes in unobservable inputs (Continued)

As at 31 December 2024 and 2023, the most significant unobservable inputs for unlisted equities are discount rate for lack of marketability, scenario probability, sales multiples and volatility of share price. (2023: discount rate for lack of marketability, scenario probability, sales multiples and volatility of share price). The discount rate for lack of marketability used in the valuation models at 31 December 2024 ranged from 11.5% to 25.8% (2023: from 9.0% to 28.1%). The sales multiples used in the models at 31 December 2024 ranged from 2.2 to 13.3 (2023: from 3.0 to 16.7). The volatility of share price used in the model at 31 December 2024 ranged from 32.3% to 76.8% (2023: from 31.0% to 80.0%).

For unlisted investment funds, the most significant unobservable inputs are discount rate for lack of marketability, scenario probability, sales multiples, EBITDA multiples, price-to-sales ratio and volatility of share price (2023: discount rate for lack of marketability, scenario probability, sales multiples, EBITDA multiples, price-to-sales ratio and volatility of share price). The discount rate for lack of marketability used in the model at 31 December 2024 ranged from 9.0% to 26.8% (2023: from 7.3% to 25.5%). The sales multiples used in the model at 31 December 2024 ranged from 2.4 to 21.4 (2023: from 3.1 to 14.6). The volatility of share price used in the model at 31 December 2024 ranged from 28.1% to 71.1% (2023: from 32.0% to 42.1%).

For unlisted convertible debt investments, the most significant unobservable inputs is discount rate (2023: discount rate). The discount rate used in the model at 31 December 2024 is 14% (2023: 14%). The effects on the Group's profit before tax is considered as not material for both 31 December 2024 and 2023 by reasonably changing the discount rate used.

For credit linked notes, the most significant unobservable inputs is discount rate. The discount rate used in the model at 31 December 2024 is 7%. The effects on the Group's profit before tax is considered as not material for both 31 December 2024 by reasonably changing the discount rate used.

The movement during the year in the balance of Level 3 fair value measurement is as follows:

Financial assets at fair value through profit or loss:

	2024 HK$	2023 HK$
At 1 January	1,823,344,249	1,327,994,767
Additions	823,347,907	890,113,277
Disposal	-	(28,898,480)
Transfer from level 3 to level 1	(56,664,621)	-
Transfer from level 3 to level 2	-	(158,820,336)
Net unrealised gains/(losses) recognised in profit or loss	314,814,555	(207,044,979)
At 31 December	2,904,842,090	1,823,344,249

31 Financial risk management and fair values of financial instruments (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

Sensitivity of fair value measurement to changes in unobservable inputs (Continued)

The movement during the year in the balance of Level 3 fair value measurement is as follows: (Continued)

Financial assets at fair value through other comprehensive income:

	2024 HK$	2023 HK$
At 1 January	562,914,188	695,638,390
Derecognition	(23,871,944)	-
Change in fair value recognised in other comprehensive income during the year	194,183,726	(124,695,518)
Exchange losses recognised in profit or loss during the year	(10,742,275)	(8,028,684)
At 31 December	722,483,695	562,914,188

Financial liabilities at fair value through profit or loss:

	2024 HK$	2023 HK$
At 1 January	30,800,291	295,633,400
Disposal	-	(277,418,236)
Net losses charged to profit or loss	11,257,718	12,585,127
At 31 December	42,058,009	30,800,291

Derivative financial instrument - Assets:

	2024 HK$	2023 HK$
At 1 January	-	-
Net gains charged to profit or loss	31,500,482	-
At 31 December	31,500,482	-

31 Financial risk management and fair values of financial instruments (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

Sensitivity of fair value measurement to changes in unobservable inputs (Continued)

The movement during the year in the balance of Level 3 fair value measurement is as follows: (Continued)

Derivative financial instrument - Liabilities:

	2024 HK$	2023 HK$ (Restated)
At 1 January	89,381,841	-
Additions	-	89,381,841
Net gains charged to profit or loss	(87,577,018)	-
Exchange gains recognised in profit or loss during the year	(1,715,607)	-
At 31 December	89,216	89,381,841

The net unrealised gains/(losses) are recognised in the profit or loss as a net gain/(losses) from financial liabilities at fair value through profit or loss.

31 Financial risk management and fair values of financial instruments (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

Fair value measurements and valuation processes

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market closing prices. The fair value of financial assets that are not traded in active liquid markets are determined using appropriate valuation techniques and inputs. The appropriateness of the valuation techniques and inputs to the fair value measurements are reviewed by the Directors periodically.

Fair value of financial assets and liabilities that are not measured at fair value

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recognised at amortised cost approximate their fair values, which were determined in accordance with generally accepted pricing models based on undiscounted cash flow analysis, as at 31 December 2024 and 2023.

(ii) Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2024 and 2023.

32 Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments that are either:

- offset in the Group's consolidated statement of financial position; or
- not offset in the consolidated statement of financial position as the offsetting criteria are not met.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC"), the Group has a legally enforceable right to set off the money obligations receivable and payable with HKSCC on the same settlement date and are settled simultaneously. In addition, the Group has a legally enforceable right to set off all clients accounts receivables and payable at any time without prior notice to clients and the Group intends to settle these balances on a net basis.

Except for above, amounts due from/to HKSCC that are not to be settled on the same date, accounts receivables and payable from clients and brokers not intends to settle on a net basis, financial collateral including cash and securities received by the Group, deposit placed with HKSCC do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default.

32 Offsetting financial assets and financial liabilities (Continued)

(a) Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements

	At 31 December 2024				
Type of financial assets	Gross amounts of recognised financial assets after impairment HK$	Gross amounts of recognised financial liabilities offset in the consolidated statement of financial position HK$	Net amounts of financial assets presented in the consolidated statement of financial position HK$	Related amounts not set off in the consolidated statement of financial positions HK$	Net amount HK$
Accounts receivables arising from the business of dealing in securities brokerage, futures and options dealing services	729,412,328	(22,417,183)	706,995,145	-	706,995,145

	At 31 December 2023				
Type of financial assets	Gross amounts of recognised financial assets after impairment HK$	Gross amounts of recognised financial liabilities offset in the consolidated statement of financial position HK$	Net amounts of financial assets presented in the consolidated statement of financial position HK$	Related amounts not set off in the consolidated statement of financial positions HK$	Net amount HK$
Accounts receivables arising from the business of dealing in securities brokerage, futures and options dealing services	124,684,187	(43,492,993)	81,191,194	-	81,191,194

32 Offsetting financial assets and financial liabilities (Continued)

(b) Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

	At 31 December 2024				
Type of financial liabilities	Gross amounts of recognised financial liabilities HK$	Gross amounts of recognised financial assets offset in the consolidated statement of financial position HK$	Net amounts of financial liabilities presented in the consolidated statement of financial position HK$	Related amounts not set off in the consolidated statement of financial positions HK$	Net amount HK$
Accounts payable arising from the business of dealing in securities brokerage, futures and options dealing services	288,656,137	(22,417,183)	266,238,954	-	266,238,954

	At 31 December 2023				
Type of financial liabilities	Gross amounts of recognised financial liabilities HK$	Gross amounts of recognised financial assets offset in the consolidated statement of financial position HK$	Net amounts of financial liabilities presented in the consolidated statement of financial position HK$	Related amounts not set off in the consolidated statement of financial positions HK$	Net amount HK$
Accounts payable arising from the business of dealing in securities brokerage, futures and options dealing services	276,590,951	(43,492,993)	233,097,958	-	233,097,958

33 Derivative financial instruments

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities.

	Fair value	
	Assets	Liabilities
	HK$	HK$
As at 31 December 2024		
Current		
Equity related derivatives		
Redemption guarantee contract (Note a)	31,500,482	-
Stock call option (Note a)	-	(89,216)
Futures		
US Treasury note futures (Note b)	5,823,952	-
	37,324,434	(89,216)

	Fair value	
	Assets	Liabilities
	HK$	HK$
As at 31 December 2023		
Current		
Equity related derivatives		
Stock call option (Restated) (Note a)	-	(89,381,841)

Note a:
On 28 September 2023, the Group wrote a call option to an independent third-party in relation to an unlisted equity investment (the "Investment") held by the one of the subsidiaries of the Group. The call option allowed the independent party to exercise the call option to purchase the Investment at an exercise price based on the agreed contract. The premium fee received by the Group amounted to RMB80,999,965, representing three years' worth of the call option premium at an agreed annual rate of returns of the Investment's cost. The terms of the option may be subject to further extension.

At the same time, a redemption guarantee on the same investment principal was provided by the related parties of the independent third party, with an annual rate of return of 8%. The exposure of the underlying investment, with the redemption guarantee, is amounted to RMB370,915,110 as of 31 December 2024, approximately HK$400,540,100 equivalent (2023: RMB299,999,869, approximately HK$331,043,855 equivalent).

Note b:
The notional amount of US Treasury note future contracts totals USD70,940,199.

34 Involvement with unconsolidated structured entity

The table below describes the types of structured entity that the Group does not consolidate but in which it holds an interest.

Type of structured entity	Nature and purpose	Interest held by the Company
Unlisted investment funds	To manage assets on behalf of third party investors	Acting as limited partner

The Group has concluded that the unlisted investment funds in which it invests, but that it does not consolidate meets the definition of structured entities because:

- The voting rights in the funds are not dominant rights in deciding who controls them as they relate to administrative tasks only;
- Each fund's activities are restricted by its articles of associations; and/or
- The funds have narrow and well-defined objectives to provide investment opportunities to investors.

As at 31 December 2024, the carrying value of interests held by the Group in unconsolidated investment funds amounted to HK$1,921,120,302 (2023: HK$1,325,766,565). The maximum exposure to loss is the carrying value of the assets held.

35 Material related party transactions

(a) Transactions with key management personnel

All members of key management personnel are directors of the Company, and their remuneration is disclosed in note 11.

35 Material related party transactions (Continued)

(b) Transactions with other related parties

Except as disclosed elsewhere in these financial statements, the Group had the following material related party transactions during the year:

	2024 HK$	2023 HK$
Transactions with a branch of the ultimate holding company (Note):		
- Interest expenses charged	116,620,245	145,271,765
- Interest income earned	527,335	3,666,681
- Bank charges	166,124	62,588

Note: The transactions were conducted in the normal course of business and based on the terms mutually determined and agreed by the respective parties.

(c) Balances with other related parties

	2024 HK$	2023 HK$
Balances with a branch of the ultimate holding company:		
- Loan interest payable included in accruals and other payables	(6,399,783)	(15,705,813)
- Bank interest receivable	25,382	52,719
- Bank loans	(2,674,040,040)	(1,955,312,000)
Bank balances at a branch of the ultimate holding company:		
- House accounts	315,361,219	439,685,646
- Segregated accounts	52,434,093	48,376,036

36 Statement of financial position and equity of the Company

	2024 HK$	2023 HK$
Non-current assets		
Property and equipment	8,743	26,239
Right-of-use asset	16,696,682	-
Investment in subsidiaries	557,933,775	817,933,775
Financial assets at amortised cost	148,211,647	496,024,522
Loans and receivables	233,552,033	233,862,410
Deferred tax assets	32,650,970	32,650,970
	989,053,850	1,580,497,916
Current assets		
Financial assets at fair value through profit or loss	5,863,930,100	4,731,922,732
Financial assets at fair value through other comprehensive income	5,382,101,513	6,976,896,500
Financial assets at amortised cost	319,349,362	-
Loans and receivables	193,108,503	190,284,923
Derivative financial instruments	5,823,952	-
Interest receivable	289,979,159	210,084,513
Amount due from subsidiaries	6,211,951,367	4,962,955,985
Other current assets	568,321,776	420,560,946
Cash and cash equivalents	347,159,184	259,182,278
	19,181,724,916	17,751,887,877
Current liabilities		
Accruals and other payables	294,263,668	491,677,808
Lease liabilities	8,749,364	-
Bank loans	9,370,465,820	8,543,427,540
Financial assets sold under repurchase agreement	6,613,479,975	6,433,018,231
Amount due to a subsidiary	18,064,844	-
	16,305,023,671	15,468,123,579
Net current assets	2,876,701,245	2,283,764,298
Non-current liabilities		
Lease liabilities	6,094,953	-
Deferred tax liabilities	9,391,562	9,391,562
	15,486,515	9,391,562
Net assets	3,850,268,580	3,854,870,652

36 Statement of financial position and equity of the Company (Continued)

	2024 HK$	2023 HK$
Capital and reserves		
Share capital	4,207,300,000	4,207,300,000
Reserves	(357,031,420)	(352,429,348)
Total equity	3,850,268,580	3,854,870,652

Approved and authorised for issue by the board of directors on 15 JUL 2025

Li Baochen
Director

Shi Jie
Director

36 Statement of financial position and equity of the Company (Continued)

	Share capital HK$	Retained earnings HK$	Fair value reserve (recycling) HK$	Fair value reserve (non-recycling) HK$	Total HK$
Balance at 31 December 2022 and 1 January 2023	4,207,300,000	75,499,389	(246,499,683)	(268,677,015)	3,767,622,691
Total comprehensive income/(loss) for the year	-	(277,257,691)	183,260,397	181,245,255	87,247,961
Balance at 31 December 2023 and 1 January 2024	4,207,300,000	(201,758,302)	(63,239,286)	(87,431,760)	3,854,870,652
Total comprehensive (loss)/income for the year	-	(103,532,069)	54,831,108	44,098,889	(4,602,072)
Balance at 31 December 2024	4,207,300,000	(305,290,371)	(8,408,178)	(43,332,871)	3,850,268,580

37 Immediate and ultimate controlling party

At 31 December 2024 and 2023, the directors consider the immediate parent and ultimate controlling party of the Group to be China Minsheng Banking Corp., Ltd., which is incorporated in the People's Republic of China and listed on the Shanghai Stock Exchange and the SEHK. China Minsheng Banking Corp. Ltd. produces consolidated financial statements available for public use.

CMBC INTERNATIONAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2023

The directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2023.

Principal place of business

CMBC International Holdings Limited ("the Company") is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 45/F, One Exchange Square, 8 Connaught Place, Central, Hong Kong.

Principal activities

The principal activities of the Company and its subsidiaries (together "the Group") are the provision of brokerage and asset management services, money lending, investment holding, investment advisory and investment management services.

Business review

The Company is a wholly-owned subsidiary of another body corporate and is exempted to include a business review under s.388(3)(b) of the Hong Kong Companies Ordinance (Cap.622).

Results and appropriations

The results of the Group for the year ended 31 December 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 8 to 9.

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2023 (2022: Nil).

Donations

There are no charitable donations made by the Group during the years ended 31 December 2023 and 2022.

Share capital

Details of the Company's share capital are set out in note 30(a) to the consolidated financial statements. There was no movement in the Company's share capital during the year.

Directors

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

Ding Zhisuo (Resigned on 29 March 2023)
Shi Jie
Wang Hang
Gao Yingxin
Li Baochen
Huang Hongri (Appointed on 24 October 2023)

Directors (Continued)

During the year and up to the date of this report, the directors of the Company's subsidiaries include:

AU Kin Man (Resigned on 22 December 2023)
Chen Yi
Ding Zhisuo (Resigned on 6 January 2023)
Huang Chanjuan
James Michael Kattan
Lee Cheuk Yin Dannis
Li Baochen (Appointed on 6 January 2023)
Li Jianyang
Li Ming (Appointed on 6 January 2023)
Li Wenfeng (Resigned on 20 March 2023)
Li Wenshi
Mak Ho Lim (Appointed on 20 March 2023)
Ng Hoi Kam
Ren Xianming (Resigned on 30 May 2023)
Shek Yeung Eric
Sung Kwok Ho (Resigned on 20 March 2023)
Wang Lihua
Wong Wai Shan (Resigned on 19 October 2023)
Wu Bin
Xiang Xinrong
Xiao Bin
Yang Kunpeng
Zhou Deyang
Liow Ting Yue (Appointed on 19 October 2023)
Wong Chung Mun (Appointed on 10 April 2024)
HO Yui Kwong Kenny (Appointed on 8 April 2024)
Zhang Tianfei (Appointed on 30 May 2024)
Liu Yanming (Appointed on 18 June 2024)

There being no provision in the Company's Articles of Association for retirement by rotation, all directors continue in office.

Directors' interests in transactions, arrangements and contracts that are significant in relation to the Company's business

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

Directors' interests in the shares, underlying shares and debentures of the Company or any specified undertaking of the Company

At no time during the year was the Company, its subsidiaries, its fellow subsidiaries, its parent company or its other associated corporations a party to any arrangement to enable the directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its specified undertakings or other associated corporation.

CMBC INTERNATIONAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

Management contracts

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

Permitted indemnity provisions

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout this year.

Auditors

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Li Baochen
Director

Hong Kong, 28 JUN 2024

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INDEPENDENT AUDITOR'S REPORT
TO THE SOLE MEMBER OF CMBC INTERNATIONAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of CMBC International Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 8 to 85 comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong SAR, China
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

INDEPENDENT AUDITOR'S REPORT
TO THE SOLE MEMBER OF CMBC INTERNATIONAL HOLDINGS LIMITED (CONTINUED)
(incorporated in Hong Kong with limited liability)

Other Information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT
TO THE SOLE MEMBER OF CMBC INTERNATIONAL HOLDINGS LIMITED (CONTINUED)
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism 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.

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INDEPENDENT AUDITOR'S REPORT
TO THE SOLE MEMBER OF CMBC INTERNATIONAL HOLDINGS LIMITED (CONTINUED)
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 JUN 2024

CMBC INTERNATIONAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 HK$	2022 HK$
Revenue			
Interest income	4	798,394,665	939,156,181
Fee and commission income	5	79,254,119	55,855,474
Dividend income		256,090,908	666,177,322
		1,133,739,692	1,661,188,977
Net losses from financial assets/liabilities at fair value through profit or loss		(250,739,019)	(714,801,739)
Net losses from financial assets at fair value through other comprehensive income		(167,409,220)	(60,617,970)
Net gains from financial assets at amortised cost	6	-	188,771
Other net losses	7	(40,032,253)	(102,408,692)
Impairment losses	8	(485,225,159)	(952,359,833)
Operating expenses			
Staff costs	9(c)	(119,015,862)	(139,743,761)
Other operating expenses	9(a)	(110,865,288)	(112,650,606)
		(229,881,150)	(252,394,367)
Loss from operations		(39,547,109)	(421,204,853)
Finance costs	9(b)	(1,023,128,167)	(775,017,309)
Loss before taxation	9	(1,062,675,276)	(1,196,222,162)
Income tax expense	10	(346,869)	(3,591,325)
Loss for the year		(1,063,022,145)	(1,199,813,487)
Attributable to:			
Equity shareholders of the Company		(892,710,918)	(1,041,697,834)
Non-controlling interests		(170,311,227)	(158,115,653)
Loss for the year		(1,063,022,145)	(1,199,813,487)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 HK$	2022 HK$
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income - net movement in fair value reserve (recycling)			
- fair value changes		(98,181,160)	(1,300,989,407)
- fair value changes transferred to profit or loss		132,355,909	252,940,295
- changes in impairment losses recognised	20	285,656,337	653,464,611
Items that will not be reclassified to profit or loss:			
Financial assets at fair value through other comprehensive income - net movement in fair value reserve (non-recycling)			
- fair value changes		(31,098,403)	(683,230,488)
- fair value changes transferred to retained earnings, net		(225,904)	(3,424,534)
- exchange differences		14,865,788	28,477,645
		303,372,567	(1,052,761,878)
Exchange differences on translation of foreign operations		(12,306,557)	(58,384,011)
Other comprehensive income/(loss) for the year		291,066,010	(1,111,145,889)
Total comprehensive loss for the year		(771,956,135)	(2,310,959,376)
Attributable to:			
Equity shareholders of the Company		(664,509,070)	(1,993,604,216)
Non-controlling interests		(107,447,065)	(317,355,160)
Total comprehensive loss for the year		(771,956,135)	(2,310,959,376)

The notes on pages 15 to 85 form part of these financial statements.

CMBC INTERNATIONAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Notes	2023 HK$	2022 HK$
Non-current assets			
Property, plant and equipment	13	5,831,655	4,966,258
Right-of-use asset	14	56,020,945	75,228,126
Intangible assets	15	960,000	960,000
Goodwill	16	229,812,059	229,812,059
Financial assets at fair value through profit or loss	17	6,944,156	6,935,356
Financial assets at amortised cost	18	511,765,148	7,759,812
Financial assets at fair value through other comprehensive income	20	486,588,334	561,665,570
Loans and receivables	19	485,178,959	216,205,301
Other non-current assets	23	19,524,444	13,416,010
Deferred tax assets	29(b)	32,650,970	32,651,535
		1,835,276,670	1,149,600,027
Current assets			
Financial assets at fair value through profit or loss	17	6,869,593,591	7,099,739,815
Financial assets at fair value through other comprehensive income	20	9,252,158,510	17,678,161,807
Loans and receivables	19	245,421,531	690,532,446
Accounts receivable	21	85,960,444	129,735,321
Interest receivable	23	264,091,042	407,944,381
Tax recoverable		11,396,729	19,576,818
Other current assets	23	342,251,786	223,865,129
Cash held on behalf of customers	22(a)	254,015,728	223,727,998
Cash and cash equivalents	22(b)	1,073,396,018	2,846,862,986
		18,398,285,379	29,320,146,701

CMBC INTERNATIONAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2023

	Notes	2023 HK$	2022 HK$
Current liabilities			
Financial liabilities at fair value through profit or loss	17	30,800,291	309,142,699
Accounts payable	24	233,097,958	169,397,164
Lease liabilities	14	19,182,960	20,800,800
Accruals and other payables	25	607,691,545	416,821,735
Bank loans	26	8,543,427,540	13,316,376,000
Financial assets sold under repurchase agreements	27	7,612,406,352	12,217,104,032
Tax payables		-	12,541,285
		17,046,606,646	26,462,183,715
Net current assets		1,351,678,733	2,857,962,986
Non-current liabilities			
Lease liabilities	14	39,445,028	57,958,748
Deferred tax liabilities	29(a)	44,794,764	65,687,299
		84,239,792	123,646,047
Net assets		3,102,715,611	3,883,916,966
Capital and reserves			
Share capital	30(a)	4,207,300,000	4,207,300,000
Reserves		(1,620,782,036)	(949,999,649)
Total equity attributable to equity shareholders of the Company		2,586,517,964	3,257,300,351
Non-controlling interests		516,197,647	626,616,615
Total equity		3,102,715,611	3,883,916,966

Approved and authorised for issue by the board of directors on 2 8 JUN 2024

Li Baochen
Director

Shi Jie
Director

The notes on pages 15 to 85 form part of these financial statements.

CMBC INTERNATIONAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to equity shareholders of the Company							
	Share capital HK$	Accumulated losses HK$	Fair value reserve (recycling) HK$	Fair value reserve (non-recycling) HK$	Exchange reserve HK$	Total HK$	Non-controlling Interests HK$	Total HK$
Balance at 1 January 2023	4,207,300,000	(76,210,457)	(411,876,918)	(416,776,642)	(45,135,632)	3,257,300,351	626,616,615	3,883,916,966
Loss for the year	-	(892,710,918)	-	-	-	(892,710,918)	(170,311,227)	(1,063,022,145)
Other comprehensive (loss)/income	-	(227,966,932) *	276,182,477	192,292,860	(12,306,557)	228,201,848	62,864,162	291,066,010
Total comprehensive loss for the year	-	(1,120,677,850)	276,182,477	192,292,860	(12,306,557)	(664,509,070)	(107,447,065)	(771,956,135)
Shares repurchased by a subsidiary	-	(6,273,317)	-	-	-	(6,273,317)	(2,971,903)	(9,245,220)
Balance at 31 December 2023	4,207,300,000	(1,203,161,624)	(135,694,441)	(224,483,782)	(57,442,189)	2,586,517,964	516,197,647	3,102,715,611

*Amounts reclassified to accumulated losses upon disposal of equity investments at fair value through other comprehensive income.

CMBC INTERNATIONAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to equity shareholders of the Company							
	Share capital HK$	Retained earnings/ (accumulated losses) HK$	Fair value reserve (recycling) HK$	Fair value reserve (non-recycling) HK$	Exchange reserve HK$	Total HK$	Non-controlling Interests HK$	Total HK$
Balance at 1 January 2022	4,207,300,000	1,176,258,485	(84,496,324)	6,730,894	13,248,379	5,319,041,434	1,007,799,004	6,326,840,438
Loss for the year	-	(1,041,697,834)	-	-	-	(1,041,697,834)	(158,115,653)	(1,199,813,487)
Other comprehensive loss	-	(142,634,241) *	(327,380,594)	(423,507,536)	(58,384,011)	(951,906,382)	(159,239,507)	(1,111,145,889)
Total comprehensive loss for the year	-	(1,184,332,075)	(327,380,594)	(423,507,536)	(58,384,011)	(1,993,604,216)	(317,355,160)	(2,310,959,376)
Shares repurchased by a subsidiary	-	(64,570,269)	-	-	-	(64,570,269)	(33,344,600)	(97,914,869)
Dividends paid by a subsidiary	-	-	-	-	-	-	(28,684,769)	(28,684,769)
Acquisition of additional interest in a subsidiary	-	(3,566,598)	-	-	-	(3,566,598)	(1,797,860)	(5,364,458)
Balance at 31 December 2022	4,207,300,000	(76,210,457)	(411,876,918)	(416,776,642)	(45,135,632)	3,257,300,351	626,616,615	3,883,916,966

*Amounts reclassified to accumulated losses upon disposal of equity investments at fair value through other comprehensive income.

The notes on pages 15 to 85 form part of these financial statements.

CMBC INTERNATIONAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 HK$	2022 HK$
Operating activities			
Cash generated from/(used in) operations	22(c)	2,413,723,274	(907,993,996)
Tax paid		(25,485,930)	(39,918,689)
Interest received		1,423,159,345	920,160,554
Dividend received		256,090,908	666,177,322
Interest paid		(1,024,454,599)	(658,911,309)
Net cash generated from/(used in) operating activities		3,043,032,998	(20,486,118)
Investing activities			
Payment for purchase of property and equipment	13	(4,320,930)	(520,942)
Acquisition of additional interest in a subsidiary		-	(5,364,458)
Proceeds from disposal of an associate		-	3,073,811
Net cash used in investing activities		(4,320,930)	(2,811,589)
Financing activities			
Proceeds from new bank loans	22(d)	14,969,504,796	17,367,215,300
Repayment of bank loans	22(d)	(19,781,312,918)	(15,404,920,942)
Shares repurchased by a subsidiary		(9,245,220)	(97,914,869)
Dividends paid by a subsidiary		-	(28,684,769)
Issuance of notes	22(d)	54,682,500	-
Repayment of notes	22(d)	(54,476,500)	(1,130,765,000)
Principal and interest elements of lease payments	22(d)	(22,534,200)	(20,800,800)
Net cash (used in)/generated from financing activities		(4,843,381,542)	684,128,920
Net (decrease)/increase in cash and cash equivalents		(1,804,669,474)	660,831,213
Cash and cash equivalents at 1 January		2,846,862,986	2,189,662,017
Effect of foreign exchange rate changes		31,202,506	(3,630,244)
Cash and cash equivalents at 31 December	22(b)	1,073,396,018	2,846,862,986

The notes on pages 15 to 85 form part of these financial statements.

CMBC INTERNATIONAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

CMBC International Holdings Limited ("the Company") is a limited liability company incorporated in Hong Kong (together with its subsidiaries known as "the Group"). The Company has its registered office and principal place of business at 45/F, One Exchange Square, 8 Connaught Place, Central, Hong Kong.

At 31 December 2023, the directors consider the ultimate holding company of the Company to be China Minsheng Banking Corp., Ltd, which is incorporated in the People's Republic of China, listed on the Shanghai Stock Exchange and the Stock Exchange of Hong Kong ("SEHK") and produces consolidated financial statements available for public use.

The principal activities of the Company provision of brokerage and asset management services, money lending, investment holding, investment advisory and investment management services. The activities of its principal subsidiaries are set out in note 12 to the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

2 Material accounting policies

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

(b) Basis of preparation of the consolidated financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that financial assets at fair value through profit or loss ("FVTPL"), financial assets at fair value through other comprehensive income ("FVOCI") and financial liabilities at FVTPL are stated at their fair value as explained in the accounting policies set out in note 2(k).

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

2 Material accounting policies (Continued)

(b) Basis of preparation of the consolidated financial statements (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Changes in accounting policies

A number of new or amended standards became applicable for the current reporting period, and the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

The following amendments to accounting standards are applicable for annual reporting periods commencing on or after 1 January 2023:

- *Definition of Accounting Estimates – amendments to HKAS 8*
- *International Tax Reform – Pillar Two Model Rules – amendments to HKAS 12*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to HKAS 12*
- *Disclosure of Accounting Policies – amendments to HKAS 1 and HKFRS Practice Statement 2*

None of these is expected to have a significant effect on the consolidated financial statements of the Group.

(d) New standards, amendments and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(e) Subsidiaries and non-controlling interests

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2 Material accounting policies (Continued)

(e) Subsidiaries and non-controlling interests (Continued)

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the carrying amounts of controlling and non-controlling interests to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, investment in subsidiaries is stated at cost less impairment losses (see note 2(j)).

(f) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

2 Material accounting policies (Continued)

(g) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any (see note 2(j)). Historical cost includes expenditure that is directly attributable to the acquisition of an asset.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

- Leasehold improvements	Over the shorter of remaining life of lease and 20% per annum
- Furniture and fixtures	10% - 20% per annum
- Computer equipment	20% - $33_{1/3}$% per annum
- Motor vehicle	12.5% - 20%per annum
- Office equipment	20% per annum

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(h) Intangible assets (other than goodwill)

Intangible assets, representing computer softwares, customers' relationship and trading rights, are stated in the consolidated statement of financial position at cost less accumulated amortisation and impairment losses (see note 2(j)). Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. Computer softwares are amortised from the date they are available for use and their estimated useful lives is 3 years.

Both the useful lives and method of amortisation are reviewed annually.

(i) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses, if any. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(j)).

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

2 Material accounting policies (Continued)

(j) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(k) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(i) Financial assets

Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest ("SPPI"). Interest income from the investment is calculated using the effective interest method;

- FVOCI - recycling, if the contractual cash flows of the investment comprise SPPI and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses ("ECLs"), interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

- FVTPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

2 Material accounting policies (Continued)

(k) Financial instruments (Continued)

(i) Financial assets (Continued)

Investments other than equity investments (Continued)

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment the Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans); and
- Features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVOCI (non-recycling), are recognised in profit or loss as revenue.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2 Material accounting policies (Continued)

(k) Financial instruments (Continued)

(ii) Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including accounts payable, other payables, bank loans, lease liabilities, and financial assets sold under repurchase agreements) are subsequently measured at amortised cost, using the effective interest method.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss, except for changes in fair value attributable to changes in own credit risk which are presented in other comprehensive income.

Derecognition

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

2 Material accounting policies (Continued)

(l) Credit losses and impairment of financial assets

The Group recognises a loss allowance for ECLs on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, accounts receivable, loans and receivables, interest receivable and other assets);
- contract assets as defined in HKFRS 15 (see note 2(u));
- debt securities measured at FVOCI (recycling); and
- loan commitments issued, which are not measured at FVTPL.

Financial assets measured at fair value, including units in bond funds, equity securities measured at FVTPL, and equity securities designated at FVOCI (non-recycling), are not subject to the expected credit loss ("ECL") assessment.

Measurement of ECLs

The Group established ECL model by using a statistical approach for financial instruments. This approach involves estimation of four risk parameters, i.e. Probability of Default ("PD"), Loss Given Default ("LGD"), Exposure at Default ("EAD") and expected life, as well as the use of effective interest rate and forward-looking information. In calculating the expected credit loss rates, forward looking macroeconomic information, such as unemployment rate and gross domestic product ("GDP"), is incorporated as part of risk parameters estimation.

Multiple economic scenarios are considered such that a probability-weighted average ECL can be estimated. Three scenarios are proposed, i.e. good scenario, neutral scenario and bad scenario. By considering the corresponding probabilities of the scenarios, the probability-weighted average ECL can be estimated.

Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and accounts receivable: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

2 Material accounting policies (Continued)

(l) Credit losses and impairment of financial assets (Continued)

Measurement of ECLs (Continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

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 instruments 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

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 recognised based on a credit-adjusted effective interest rate. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial instruments including financial assets measured at amortised cost, debt securities measured at FVOCI, loan commitments issued, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

2 Material accounting policies (Continued)

(l) Credit losses and impairment of financial assets (Continued)

Significant increases in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

2 Material accounting policies (Continued)

(l) Credit losses and impairment of financial assets (Continued)

Basis of calculation of interest income

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less expected credit loss allowance) of the financial asset.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 2(l).

Segregated accounts maintained by the Group to hold clients' monies are recognised as an asset in financial statements and are disclosed in note 22(a) to the consolidated financial statements.

(n) Accruals and other payables

Accruals and other payables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

2 Material accounting policies (Continued)

(o) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost with any difference between the proceeds (net of transaction costs) and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(p) Financial assets sold under repurchase agreements

Financial assets sold under repurchase agreements continue to be recognised, which do not result in derecognition of the financial assets, and are recorded as financial assets at FVOCI, financial assets at amortised cost and financial assets at FVTPL. Financial assets sold subject to agreements with a commitment to repurchase at a specific future date are not derecognised in the consolidated statement of financial position. The proceeds from selling such assets are presented as "financial assets sold under repurchase agreements". Financial assets sold under repurchase agreements are initially measured at fair value and are subsequently measured at amortised cost.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2 Material accounting policies (Continued)

(r) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit or loss before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income and expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group is subject to income taxes predominantly in Hong Kong and judgment is required in determining the provision for income taxes. There could be transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the estimated amounts that were initially recorded, such differences will impact the current and deferred income tax provisions in the period in which such determination is made.

Current and deferred tax are recognised in profit or loss. Where current tax or deferred tax arises from initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2 Material accounting policies (Continued)

(s) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Retirement benefits are provided to eligible employees of the Group. The employees of the Group are eligible to enjoy retirement benefits by participating in a scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance ("the MPF Scheme"). The employer's monthly contribution to the MPF Scheme is at a maximum of 5% of an employee's monthly salary.

Contributions to the MPF Scheme are recognised as expenses in the consolidated statement of profit or loss and other comprehensive income as incurred.

(t) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Revenue recognition

Income is classified by the Group as revenue when it arises from the provision of services in the ordinary course of the Group's business.

Revenue is recognised when service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. The Group applied the optional practical expedient to immediately expense cost to obtain a contract if the amortisation period of the asset that would have recognised is one year or less.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, 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 with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

(i) Interest income

Interest income for all interest-bearing financial instruments is recognised in profit or loss on an accruals basis using the effective interest method.

2 Material accounting policies (Continued)

(u) Revenue recognition (Continued)

(i) Interest income (Continued)

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest income on all financial instruments designated at fair value through profit and loss are considered to be incidental and are therefore presented together with all other changes in fair value arising from the portfolio. Net income from financial instruments designated at fair value through profit or loss and net trading income comprises all gains and losses from changes in fair value (net of accrued coupon) of such financial assets, together with interest income and expense, dividend income and foreign exchange differences attributable to those financial instruments.

Interest income from clients is recognised on a time proportion basis, by reference to the principal amounts outstanding and the effective interest rates applicable.

(ii) Fee income

Financial advisory, sponsorship, arrangement fee and other service income are recognised over time according to performance obligation and transaction prices of the contracts. It is recognised when the Group has an enforceable right to payment for performance completed to date at all times throughout the duration of the contract.

Asset management fee income and investment advisory services fee income are recognised over time as those services are provided continuously over the contract period. Invoices for these services income are issued on a regular basis based on the terms stated in the contract.

The Group is entitled to a performance fee income when there is a positive performance for the relevant performance period and it is recognised at the end of the relevant performance period, when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(iii) Commission income

Commission income for brokerage business and futures and options contracts dealing services are recognised on execution of purchase, sales or other transactions or services by the Group on behalf of its clients.

Underwriting, sub-underwriting, placing and sub-placing commissions are recognised as income in accordance with the terms of the underlying agreement or deal mandate when the relevant significant act has been completed.

2 Material accounting policies (Continued)

(u) Revenue recognition (Continued)

(iv) Dividend income

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment has been established.

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

(v) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contacts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2 Material accounting policies (Continued)

(w) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the reporting date. Exchange gains and losses are recognised in the profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

Exchange differences arising on the settlement of monetary items are recognised in profit or loss in the period in which they arise.

(x) Related parties

(1) A person, or a close member of that person's family, is related to the Group if that person:

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

(2) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (1).
- (vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3 Critical accounting judgment and estimates

Sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Estimated impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the recoverable amounts of the cash generating units to which goodwill has been allocated and the individual assets using the income approach. The income approach requires the Group to estimate the future cash flows expected to arise from the cash generating unit and the individual assets and a suitable discount rate in order to calculate the present values. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2023, the carrying amounts of the intangible assets and goodwill are HK$960,000 (2022: HK$960,000) and HK$229,812,059 (2022: HK$229,812,059) respectively. Details of the recoverable amounts calculation are disclosed in notes 15 and 16.

(ii) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's history existing market conditions as well as forward-looking estimates at the end of each reporting period.

Policies on impairment of financial assets are set out in note 2(l).

(iii) Fair value measurement

The fair values of unlisted equities, unlisted preference shares, unlisted investment funds and unlisted convertible debt investments under financial assets and liabilities at fair value through profit or loss are significantly affected by the combination of valuation methodologies employed, the parameters used and, if required, the underlying sample chosen. The valuation methodologies and the source of the parameters adopted by the Group are discussed in note 31(f)(i).

(iv) Taxation

Policies on current and deferred tax are set out in note 2(r).

4 Interest income

	2023 HK$	2022 HK$
Interest income arising from:		
Margin clients	8,011,274	16,156,247
Loans and receivables	80,978,132	81,794,187
Debt securities investments	660,081,164	821,900,132
Balances with banks and other financial institutions	30,847,247	12,651,021
Others	18,476,848	6,654,594
	798,394,665	939,156,181

5 Fee and commission income

Fee and commission income recognised during the year are as follows:

	2023 HK$	2022 HK$
Financial advisory, sponsorship, arrangement fee and other service income	33,319,963	22,015,424
Brokerage and related service income	11,300,653	1,076,684
Underwriting, sub-underwriting, placing and sub-placing commission income	26,090,233	22,677,230
Asset management fee and performance fee income	8,543,270	10,086,136
	79,254,119	55,855,474

6 Net gains from financial assets at amortised cost

During the year ended 31 December 2022, the Group sold certain debt securities due to a credit risk management decision to eliminate the exposure following a deterioration in credit risk. The Group incurred a gain of HK$188,771 on the sale. There was no gains from financial assets at amortised cost during the year ended 31 December 2023.

7 Other net losses

	2023 HK$	2022 HK$
Net exchange losses	(46,061,740)	(105,150,578)
Gain on disposal of an associate	-	615,531
Others	6,029,487	2,126,355
	(40,032,253)	(102,408,692)

8 Impairment losses

	2023 HK$	2022 HK$
Loans and receivables (note 19)	150,922,650	158,427,872
Accounts receivable (note 21)	39,033,357	62,308,243
Financial assets at fair value through other comprehensive income (note 20)	290,009,064	669,508,663
Financial assets at amortised cost (note 18)	1,782,744	30,402,456
Interest receivables (note 23)	3,477,344	31,712,599
	485,225,159	952,359,833

9 Loss before taxation

Loss before taxation is arrived at after charging:

	2023 HK$	2022 HK$
(a) Other operating expenses		
Lease payments in respect of short-term leases	1,307,478	1,292,649
Legal and professional fees	3,619,723	10,852,322
Management fee expenses	5,178,470	4,791,694
Auditors' remuneration	5,471,754	7,236,434
Depreciation of property, plant and equipment (note 13)	3,455,487	3,092,026
Depreciation of right-of-use asset (note 14(b))	19,207,181	19,207,181
Amortisation of intangible assets (note 15)	-	2,118,322
Other administrative expenses	72,625,195	64,059,978
	110,865,288	112,650,606
(b) Finance costs		
Bank loan facility fees	5,181,244	8,935,058
Interest expense on:		
Financial assets sold under repurchase agreements	462,060,602	332,103,494
Notes payable (note 28)	243,752	8,944,447
Margin loans	1,456,316	2,490
Bank loans	551,783,613	421,997,288
Lease liabilities (note 14(b))	2,402,640	3,034,532
	1,023,128,167	775,017,309
(c) Staff costs (including directors' remuneration)		
Salaries and other benefits	116,893,949	137,912,955
Contributions to defined contribution retirement plans	2,121,913	1,830,806
	119,015,862	139,743,761

10 Income tax expense

(a) Organisation for Economic Co-operation and Development's ("OECD") Global Minimum Tax ("Pillar Two") model rules

The Group is within the scope of the OECD Pillar Two model rules. At the date of this report, the Government of the Hong Kong Special Administrative Region has announced to implement the rules for income year commencing on or after 1 January 2025. The Group continues to monitor the local legislation for Hong Kong and assesses the potential impact. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 "Income Taxes" issued in July 2023.

10 Income tax expense (Continued)

(b) Taxation charged/(credited) to profit or loss:

	2023 HK$	2022 HK$
Current tax		
- Hong Kong	19,200,000	27,123,000
- The People's Republic of China ("PRC")	1,296,684	4,612,111
- Over-provision in prior years	628,050	(5,431,766)
	21,124,734	26,303,345
Deferred tax (note 29)		
- Origination and reversal of temporary differences	(20,777,865)	(22,712,020)
	346,869	3,591,325

The provision for Hong Kong Profits Tax for 2023 is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2022: 25%). Taxation arising in other jurisdictions is calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in the relevant jurisdictions.

(c) Reconciliation between tax expense and accounting loss at applicable tax rate:

	2023 HK$	2022 HK$
Loss before taxation	(1,062,675,276)	(1,196,222,162)
Notional tax on loss before taxation, calculated at the rates applicable to profits in the countries concerned	(174,044,736)	(192,764,546)
Tax effect of non-taxable income	(286,383,199)	(178,900,359)
Tax effect of non-deductible expenses	233,664,644	195,347,865
Tax effect of tax losses and temporary differences not recognised as deferred tax assets	238,752,026	201,010,772
Utilisation of tax losses previously not recognised	-	(4,158)
Over-provision in prior years	628,050	(5,431,766)
Reversal of deferred tax recognised	-	(9,295,675)
Effect of withholding tax on unrealised loss on listed equity securities outside Hong Kong	(12,269,916)	(6,370,808)
	346,869	3,591,325

11 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2023 HK$	2022 HK$
Directors' fee	300,000	300,000
Salaries, allowances and benefits in kind	5,165,452	6,790,323
Discretionary bonuses	-	2,809,440
Retirement scheme contributions	70,210	30,000
	5,535,662	9,929,763

12 Investment in subsidiaries

Particulars of the principal subsidiaries are as follows:

Name of company	Place of incorporation and operation	Particulars of issued and paid up share capital	Proportion of ownership interest: held by the Company 2023 %	held by the Company 2022 %	held by a subsidiary 2023 %	held by a subsidiary 2022 %	Principal activities
CMBC International Asset Management Limited	Hong Kong	HK$10,000,000	100	100	-	-	Investment holding
CMBC Capital Finance Limited	Hong Kong	HK$1	-	-	67.95	67.69	Provision of loan financing services
CMBC International Capital Limited	Hong Kong	HK$30,000,000	-	-	67.95	67.69	Advisory and corporate financing
CMBC International Securities Limited	Hong Kong	HK$270,000,000	100	100	-	-	Inactive
CMBC International Investment Limited	British Virgin Islands	US$1	-	-	100	100	Investment holding
CMBC International Investment (HK) Limited	Hong Kong	HK$602,110,100	100	100	-	-	Investment holding
民银金投资本管理(北京)有限公司	Beijing, PRC	RMB588,000,000	-	-	100	100	Investment holding
宁波民银金投股权投资管理有限公司	Ningbo, PRC	RMB30,000,000	-	-	100	100	Asset management

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12 Investment in subsidiaries (Continued)

Name of company	Place of incorporation and operation	Particulars of issued and paid up share capital	Proportion of ownership interest held by the Company 2023 %	held by the Company 2022 %	held by a subsidiary 2023 %	held by a subsidiary 2022 %	Principal activities
民银金投(深圳) 投资咨询有限公司 (Formerly known as 深圳民银金控投资管理有限公司)	Shenzhen, PRC	RMB5,000,000	-	-	100	100	Asset management
CMBC Asset Management Company Limited	Hong Kong	HK$12,000,000	-	-	67.95	67.69	Provision of asset management services
CMBC Capital Holdings Limited ("CMBC Capital")	Bermuda	HK$447,744,677	0.22	0.22	67.73	67.47	Investment holding
CMBC Securities Company Limited	Hong Kong	HK$1,050,000,000	-	-	67.95	67.69	Provision of brokerage services and securities margin financing services
CMBC International Futures Company Limited	Hong Kong	HK$10,000,000	-	-	67.95	67.69	Provision of futures and options dealing services
CMBC Investment (HK) Limited	Hong Kong	HK$10,000,000	-	-	67.95	67.69	Investment holding
CMBC Insurance Consultancy Co Limited (Formerly known as CMBC Financial Products Limited)	Hong Kong	HK$100	-	-	67.95	67.69	Insurance agency service
CMBCC Investment Management (Cayman) Limited	Cayman Islands	US$1	-	-	67.95	67.69	Investment holding
MSSY Investment Holding Limited	British Virgin Islands	US$1	-	-	100	100	Investment holding
Cap Port Holding Limited	British Virgin Islands	US$100	-	-	67.95	67.69	Investment holding

12 Investment in subsidiaries (Continued)

Name of company	Place of incorporation and operation	Particulars of issued and paid up share capital	Proportion of ownership interest held by the Company		held by a subsidiary		Principal activities
			2023	2022	2023	2022	
			%	%	%	%	
Cap FH Holding Limited	British Virgin Islands	US$1	-	-	67.95	67.69	Investment holding
YBX Company Limited	Hong Kong	HK$1	-	-	67.95	67.69	Investment holding
Cap Success Holding Limited	British Virgin Islands	US$1	-	-	67.95	67.69	Investment holding
CMBCC Co-High Medical Investment Fund SP (Note)	Cayman Islands	N/A	-	-	-	45.08	Investment fund
CMBCC Special Opportunities Fund SP8	Cayman Islands	N/A	-	-	67.95	67.69	Investment fund
CMBCC Stable Investment Fund SP1 (Note)	Cayman Islands	N/A	-	-	-	24.03	Investment fund
CMBCC Stable Investment Fund SP2	Cayman Islands	N/A	-	-	91.72	85.80	Investment fund
CMBCC High Yield Income Fund SP3	Cayman Islands	N/A	-	-	100	100	Investment fund
CMBCC Aggregate Wealth High Yield Fund SP1 of CMBCC Investment Fund 2 SPC (Note)	Cayman Islands	N/A	-	-	-	100	Investment fund
CMBC Aggregate Greater China Select Bond Fund	Hong Kong	N/A	-	-	98.23	98.23	Investment fund
CMBC Aggregate Greater China Strategy Fund	Hong Kong	N/A	-	-	100	100	Investment fund
宁波民银新动能私募基金合伙企业（有限合伙）	Ningbo, PRC	N/A	-	-	100	100	Investment fund

Note: During the year ended 31 December 2023, all the participating shares in CMBCC Co-High Medical Investment Fund SP, CMBCC Stable Investment Fund SP1 and CMBCC Aggregate Wealth High Yield Fund SP1 of CMBCC Investment Fund 2 SPC ("the Funds") were redeemed and the Funds were terminated.

13 Property, plant and equipment

	Leasehold improvements HK$	Furniture and fixtures HK$	Office equipment HK$	Computer Equipment HK$	Motor vehicle HK$	Total HK$
Cost:						
At 1 January 2022	10,153,600	910,770	5,591,182	2,683,474	425,250	19,764,276
Additions	147,700	-	373,242	-	-	520,942
Exchange realignment	-	-	-	(3,874)	-	(3,874)
At 31 December 2022	10,301,300	910,770	5,964,424	2,679,600	425,250	20,281,344
Accumulated depreciation:						
At 1 January 2022	5,108,952	532,642	3,561,373	2,678,159	345,516	12,226,642
Charge for the year	2,058,075	164,359	814,570	1,866	53,156	3,092,026
Exchange realignment	-	-	-	(3,582)	-	(3,582)
At 31 December 2022	7,167,027	697,001	4,375,943	2,676,443	398,672	15,315,086
Net book value:						
At 31 December 2022	3,134,273	213,769	1,588,481	3,157	26,578	4,966,258
Cost:						
At 1 January 2023	10,301,300	910,770	5,964,424	2,679,600	425,250	20,281,344
Additions	538,005	93,423	2,960,475	16,533	712,494	4,320,930
Exchange realignment	-	-	-	(902)	-	(902)
At 31 December 2023	10,839,305	1,004,193	8,924,899	2,695,231	1,137,744	24,601,372
Accumulated depreciation:						
At 1 January 2023	7,167,027	697,001	4,375,943	2,676,443	398,672	15,315,086
Charge for the year	2,150,199	168,190	1,043,000	724	93,374	3,455,487
Exchange realignment	-	-	-	(856)	-	(856)
At 31 December 2023	9,317,226	865,191	5,418,943	2,676,311	492,046	18,769,717
Net book value:						
At 31 December 2023	1,522,079	139,002	3,505,956	18,920	645,698	5,831,655

14 Leases

(a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	As at 31 December 2023 HK$	As at 31 December 2022 HK$
Right-of-use asset		
Office	56,020,945	75,228,126
Lease liabilities		
Current	19,182,960	20,800,800
Non-current	39,445,028	57,958,748

There was no addition to the right-of-use assets during the years ended 31 December 2023 and 2022.

(b) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	2023 HK$	2022 HK$
Depreciation of right-of-use asset		
Office (note 9(a))	19,207,181	19,207,181
Interest expenses		
(included in finance costs) (note 9(b))	2,402,640	3,034,532

The total cash outflow for leases in 2023 was HK$22,534,200 (2022: HK$20,800,800).

(c) The Group's leasing activities and how these are accounted for

For both years, the Group leases one office, and office rental contracts are typically made for fixed periods of 2 to 6 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

15 Intangible assets

	Computer software HK$	Customers' relationship HK$	Trading rights HK$	Total HK$
Cost:				
At 1 January 2022 and 31 December 2022	1,141,066	31,528,000	960,000	33,629,066
Accumulated amortisation:				
At 1 January 2022	1,141,066	29,409,678	-	30,550,744
Charge for the year	-	2,118,322	-	2,118,322
At 31 December 2022	1,141,066	31,528,000	-	32,669,066
Net book value:				
At 31 December 2022	-	-	960,000	960,000
Cost:				
At 1 January 2023 and 31 December 2023	1,141,066	31,528,000	960,000	33,629,066
Accumulated amortisation:				
At 1 January 2023	1,141,066	31,528,000	-	32,669,066
Charge for the year	-	-	-	-
At 31 December 2023	1,141,066	31,528,000	-	32,669,066
Net book value:				
At 31 December 2023	-	-	960,000	960,000

Trading rights represent rights that confer eligibility of the Group to trade on the Stock Exchange and the Hong Kong Futures Exchange Limited ("HKFE"). The trading rights have no foreseeable limit to period that the Group can use to generate net cash flows, accordingly, the trading rights are considered as having indefinite useful lives.

Customers' relationship represents the customers' networks of brokerage and related business. Amortisation for customers' relationship with finite useful lives is recognised on a straight-line basis over its estimated useful lives of 6 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

No impairment of trading rights was identified based on the valuation performed internally (2022: by an independent professional qualified valuer) using the income approach at a discount rate of 8.06% at 31 December 2023 (2022: 7.59%).

15 Intangible assets (Continued)

The trading rights and customers' relationship also formed part of the assets included in the CGU for which goodwill impairment is assessed and details are set out in note 16.

16 Goodwill

For the purpose of impairment testing at 31 December 2023 and 2022 of the Group, goodwill has been allocated to one cash generating unit ("CGU"), comprising CMBC Capital and its subsidiaries.

The basis of the recoverable amount of the CGU and its major underlying assumptions are summarised below.

The recoverable amount of the CGU has been determined by the value-in-use in respect of the above entities comprising the CGU (2022: by fair value less cost of disposal). The value-in-use was assessed by the management based on a business valuation performed internally.

The cash flow projections at 31 December 2023 has taken into account the expansion of business. The cash flows beyond the 3-year period are extrapolated assuming 2% growth rate. This growth rate is based on the expectation of long-term inflation in Hong Kong. Other key assumptions for the cash flow projections relate to the estimation of cash inflows/outflows which include estimated income generated from the CGU, such estimation is based on the past performance of the CGU and the expectation on the market development.

For the purpose of impairment assessment, the value-in-use of the CGU amounting to HK$3,665,402,434 (2022: fair value less cost of disposal of the CGU at equity interest attributable to shareholder of the Company amounting to approximately HK$2,145,507,744). By comparing the aforesaid aggregate carrying amount of the CGU with the value-in-use of the CGU, the management determined that the recoverable amount of the CGU is estimated to be more than the aggregate carrying amounts of net assets directly attributable to the CGU, goodwill, trading rights and customers' relationship and no impairment losses in respect of goodwill (2022: Nil) is recognised in profit or loss during the year ended 31 December 2023.

17 Financial assets/(liabilities) at fair value through profit or loss

	2023 HK$	2022 HK$
Financial assets at fair value through profit or loss		
Non-current		
Unlisted preference shares	6,944,156	6,935,356
Current		
Listed equity securities in Hong Kong	87,932,574	197,727,956
Listed equity securities outside Hong Kong	370,013,226	456,338,930
Debt securities	4,430,196,869	5,117,320,155
Listed or quoted investment funds	6,230,493	7,293,363
Unlisted equities	645,065,289	355,815,671
Unlisted investment funds	1,319,536,072	954,624,672
Unlisted convertible debt investments	10,619,068	10,619,068
	6,869,593,591	7,099,739,815

17 Financial assets/(liabilities) at fair value through profit or loss (Continued)

	2023 HK$	2022 HK$
Financial liabilities at fair value through profit or loss		
Current		
Payables to interest holders of unlisted consolidated investment funds	(30,800,291)	(295,633,400)
Debt securities	-	(13,509,299)
	(30,800,291)	(309,142,699)

The fair value of unlisted investments has been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. The valuation techniques and inputs used in fair value measurements are disclosed in note 31(f)(i).

18 Financial assets at amortised cost

	2023 HK$	2022 HK$
Listed debt securities	548,029,843	42,241,763
Less: Allowance for expected credit losses	(36,264,695)	(34,481,951)
	511,765,148	7,759,812
Analysed for reporting purposes as:		
- Non-current assets	511,765,148	7,759,812
- Current assets	-	-
	511,765,148	7,759,812

During the year ended 31 December 2023, impairment losses of HK$1,782,744 was recognised (2022: HK$30,402,456) in the consolidated statement of profit or loss and other comprehensive income.

18 Financial assets at amortised cost (Continued)

Movement in expected credit losses is as follows:

	For the year ended 31 December 2023 Expected credit loss			
	Stage1 HK$	Stage 2 HK$	Stage 3 HK$	Total HK$
At 1 January	-	-	34,481,951	34,481,951
Transfers between stages	-	-	-	-
Impairment losses charged to profit or loss (note 8)	723,899	-	1,058,845	1,782,744
Derecognition	-	-	-	-
At 31 December	723,899	-	35,540,796	36,264,695

	For the year ended 31 December 2022 Expected credit loss			
	Stage1 HK$	Stage 2 HK$	Stage 3 HK$	Total HK$
At 1 January	682,621	3,448,986	-	4,131,607
Transfers between stages	-	(3,448,986)	3,448,986	-
Impairment losses (released)/charged to profit or loss (note 8)	(630,509)	-	31,032,965	30,402,456
Derecognition	(52,112)	-	-	(52,112)
At 31 December	-	-	34,481,951	34,481,951

Analysis of the gross carrying amount for which an expected credit loss allowance is recognised according to the stage of expected credit losses is as follows:

	Stage of assets			
	Stage 1 12-month ECL HK$	Stage 2 Lifetime ECL HK$	Stage 3 Lifetime ECL (Credit-impaired) HK$	Total HK$
As at 31 December 2023	505,734,476	-	42,295,367	548,029,843
As at 31 December 2022	-	-	42,241,763	42,241,763

19 Loans and receivables

	2023 HK$	2022 HK$
Secured	1,203,396,770	1,244,738,144
Less: Allowance for expected credit losses	(472,796,280)	(338,000,397)
	730,600,490	906,737,747
Analysed for reporting purposes as:		
- Non-current assets	485,178,959	216,205,301
- Current assets	245,421,531	690,532,446
	730,600,490	906,737,747

During the year ended 31 December 2023, impairment losses of HK$150,922,650 was recognised (2022: HK$158,427,872) in the consolidated statement of profit or loss and other comprehensive income.

Movement in expected credit losses is as follows:

	For the year ended 31 December 2023 Expected credit loss			
	Stage1 HK$	Stage 2 HK$	Stage 3 HK$	Total HK$
At 1 January	968,026	-	337,032,371	338,000,397
Transfers between stages	(656)	-	656	-
Impairment losses charged to profit or loss (note 8)	2,273,783	-	148,648,867	150,922,650
Write-off	-	-	(16,126,767)	(16,126,767)
At 31 December	3,241,153	-	469,555,127	472,796,280

	For the year ended 31 December 2022 Expected credit loss			
	Stage1 HK$	Stage 2 HK$	Stage 3 HK$	Total HK$
At 1 January	1,294,965	22,439,510	155,838,050	179,572,525
Transfers between stages	(66,290)	(22,439,510)	22,505,800	-
Impairment losses (released)/charged to profit or loss (note 8)	(260,649)	-	158,688,521	158,427,872
At 31 December	968,026	-	337,032,371	338,000,397

19 Loans and receivables (Continued)

Analysis of the gross carrying amount for which an expected credit loss allowance is recognised according to the stage of expected credit losses is as follows:

	Stage of assets			
	Stage 1	Stage 2	Stage 3	
	12-month ECL HK$	Lifetime ECL HK$	Lifetime ECL (Credit-impaired) HK$	Total HK$
As at 31 December 2023	541,450,620	-	661,946,150	1,203,396,770
As at 31 December 2022	679,750,267	-	564,987,877	1,244,738,144

20 Financial assets at fair value through other comprehensive income

	2023 HK$	2022 HK$
Listed, unlisted or quoted investments at fair value		
- Debt securities	4,436,195,448	6,989,086,331
- Equity instruments	5,302,551,396	11,250,741,046
	9,738,746,844	18,239,827,377
Analysed for reporting purposes as:		
- Non-current assets	486,588,334	561,665,570
- Current assets	9,252,158,510	17,678,161,807
	9,738,746,844	18,239,827,377

20 Financial assets at fair value through other comprehensive income (Continued)

Movement in expected credit losses is as follows:

	For the year ended 31 December 2023 Expected credit loss				
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Purchased or Originated Credit Impaired HK$	Total HK$
At 1 January	8,918,815	894,093	786,386,582	-	796,199,490
Transfers between stages	-	(674,871)	674,871	-	-
Impairment losses charged to profit or loss (note 8)	2,064,340	34,154	287,344,091	566,479	290,009,064
Derecognition	(4,099,351)	(253,376)	-	-	(4,352,727)
At 31 December	6,883,804	-	1,074,405,544	566,479	1,081,855,827

	For the year ended 31 December 2022 Expected credit loss				
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Purchased or Originated Credit Impaired HK$	Total HK$
At 1 January	19,645,144	4,481,307	118,608,428	-	142,734,879
Transfers between stages	(2,852,386)	(6,047,470)	8,899,856	-	-
Impairment losses charged to profit or loss (note 8)	998,921	6,594,926	661,914,816	-	669,508,663
Derecognition	(8,872,864)	(4,134,670)	(3,036,518)	-	(16,044,052)
At 31 December	8,918,815	894,093	786,386,582	-	796,199,490

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20 Financial assets at fair value through other comprehensive income (Continued)

Analysis of the carrying amount for which an expected credit loss allowance is recognised according to the stage of expected credit losses is as follows:

	Stage of assets				
	Stage 1 12-month ECL HK$	Stage 2 Lifetime ECL HK$	Stage 3 Lifetime ECL (Credit-impaired) HK$	Purchased or Originated Credit Impaired HK$	Total HK$
As at 31 December 2023	4,294,794,728	-	140,868,952	531,768	4,436,195,448
As at 31 December 2022	6,552,896,844	167,424,255	266,978,666	1,786,566	6,989,086,331

21 Accounts receivable

	2023 HK$	2022 HK$
Accounts receivable arising from the ordinary course of business of securities brokerage, futures and options dealing services:		
- Clearing house	40,426,606	10,418,270
- Cash clients	10,049	5,181
- Margin clients	142,164,967	176,438,247
Accounts receivable arising from the ordinary course of business of securities underwriting and advisory services	4,191,664	3,172,549
Accounts receivable arising from the ordinary course of business of advisory and client referral services	2,501,562	-
Accounts receivable arising from the ordinary course of business of asset management services	788,984	4,791,105
	190,083,832	194,825,352
Less: Allowance for expected credit losses	(104,123,388)	(65,090,031)
	85,960,444	129,735,321

21 Accounts receivable (Continued)

Movement in expected credit losses is as follows:

	For the year ended 31 December 2023 Expected credit loss				
	Stage1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
At 1 January	328,610	-	62,048,461	2,712,960	65,090,031
Transfers between stages	-	-	-	-	-
Impairment losses (released)/charged to profit or loss (note 8)	(325,094)	-	39,358,451	-	39,033,357
At 31 December	3,516	-	101,406,912	2,712,960	104,123,388

	For the year ended 31 December 2022 Expected credit loss				
	Stage1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
At 1 January	1,201,731	-	1,706,258	-	2,907,989
Transfers between stages	(104,813)	-	104,813	-	-
Impairment losses (released)/charged to profit or loss (note 8)	(642,107)	-	60,237,390	2,712,960	62,308,243
Derecognition	(126,201)	-	-	-	(126,201)
At 31 December	328,610	-	62,048,461	2,712,960	65,090,031

Analysis of the gross carrying amount for which an expected credit loss allowance is recognised according to the stage of expected credit losses is as follows:

	Stage of assets				
	Stage 1 12-month ECL HK$	Stage 2 Lifetime ECL HK$	Stage 3 Lifetime ECL (Credit-impaired) HK$	Simplified approach Lifetime ECL HK$	Total HK$
As at 31 December 2023	73,496,298	-	109,105,324	7,482,210	190,083,832
As at 31 December 2022	79,700,390	-	107,161,308	7,963,654	194,825,352

21 Accounts receivable (Continued)

Accounts receivable arising from the business of dealing in securities

The Group seeks to maintain tight control over its outstanding accounts receivable and has procedures and policies to assess its clients' credit quality and defines credit limits for each client. All client acceptances and credit limit are approved by designated approvers according to the clients' credit worthiness.

The normal settlement terms of accounts receivable from clients and clearing house, except for accounts receivable due from margin clients, arising from the ordinary course of business of securities brokerage services are two trading days after the trade date.

Accounts receivable due from margin clients

Accounts receivable due from margin clients are repayable on demand and carry interest at 5% to 18.9% per annum during the year ended 31 December 2023 (2022: 3.5% to 18.6% per annum). The fair values of the pledged securities as at 31 December 2023 was approximately HK$250,535,369 (2022: HK$385,673,310). Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the amount of accounts receivable outstanding exceeds the eligible margin value of securities deposited.

As at 31 December 2023, approximately 23% (2022: 39%) of the balance were secured by sufficient collateral on an individual basis. The corresponding collaterals held could be sold at the Group's discretion to settle any outstanding amounts owed by the margin clients when the loan to value ratio is over 100%. The Group did not repledge collaterals held for financing as at 31 December 2022 and 2023.

No ageing analysis in respect of accounts receivable from margin clients is disclosed as, in the opinion of directors of the Company, an ageing analysis does not give additional value in view of the nature of this business.

Accounts receivable arising from the business of dealing in securities are assessed for ECLs in accordance with the policy set out in note 2(l). During the year ended 31 December 2023, impairment losses of HK$39,033,357 (2022:HK$59,595,283) was recognised in the consolidated statement of profit or loss and other comprehensive income.

Movement in the allowance for expected credit losses on accounts receivable arising from the business of dealing in securities are as follows:

	Cash clients HK$	Margin clients HK$	Total HK$
Balance at 1 January 2022	-	2,907,989	2,907,989
Impairment loss recognised during the year	-	59,595,283	59,595,283
Write-off	-	(126,201)	(126,201)
Balance at 31 December 2022	-	62,377,071	62,377,071
Impairment loss recognised during the year	-	39,033,357	39,033,357
Balance at 31 December 2023	-	101,410,428	101,410,428

21 Accounts receivable (Continued)

Accounts receivable arising from the business of dealing in securities (Continued)

The Group is allowed to offset certain accounts receivable and accounts payable when the Group currently has a legally enforceable right to set off the balances, and intends to settle on a net basis or to realise the balances simultaneously. Details are set out in note 32.

Accounts receivable arising from the businesses of securities underwriting, advisory, client referral and asset management services

Ageing of accounts receivable arising from the ordinary course of businesses of securities underwriting, advisory, client referral and asset management services, based on the due date, is as follows:

	2023 HK$	2022 HK$
No past due	3,319,453	990,767
Less than 31 days past due	370,567	3,410,628
31–60 days past due	141,987	164,004
61–90 days past due	29,365	-
Over 90 days past due	3,620,838	3,398,255
	7,482,210	7,963,654
Less: Allowance for expected credit losses	(2,712,960)	(2,712,960)
Total	4,769,250	5,250,694

The Group applies HKFRS 9 simplified approach to measure the expected credit losses for accounts receivable arising from the business of securities underwriting, advisory, client referral and asset management services. During the year ended 31 December 2023, no impairment losses (2022: HK$2,712,960) was recognised in the consolidated statement of profit or loss and other comprehensive income.

22 Cash and cash equivalents and other cash flow information

(a) Cash held on behalf of customers

From the Group's ordinary business in provision of brokerage and related services, the Group receives and holds money deposited by clients in the course of the conduct of the regulated activities. These clients' monies are maintained in segregated bank accounts at market interest rates. The Group has recognised the corresponding accounts payable to respective clients. As at 31 December 2023, the segregated accounts with authorized institutions in relation to its brokerage business totaling HK$254,015,728 (2022: HK$223,727,998), in which HK$ 48,376,036 (2022: HK$203,245,808) were placed with a bank, which is a branch of the ultimate holding company of the Group.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and bank deposits at variable interest rate with original maturity of three months or less.

As at 31 December 2023, cash and cash equivalents with authorized institutions totaling HK$1,073,396,018 (2022: HK$2,846,862,986).

As at 31 December 2023, bank balances amounting to HK$ 439,685,646 (2022: HK$271,439,472) were placed with a bank, which is a branch of the ultimate holding company of the Group.

22 Cash and cash equivalents and other cash flow information (Continued)

(c) Reconciliation of loss for the year to cash generated from/(used in) operations:

	2023 HK$	2022 HK$
Operating activities		
Loss for the year	(1,063,022,145)	(1,199,813,487)
Adjustments for:		
Income tax expense	346,869	3,591,325
Interest income from provision of securities margin financing	(8,011,274)	(16,156,247)
Interest income from provision of finance	(80,978,132)	(81,794,187)
Interest income from debt securities investments	(660,081,164)	(821,900,132)
Interest income from banks and other financial institutions	(49,324,095)	(19,305,615)
Dividend income	(256,090,908)	(666,177,322)
Net losses from financial assets at fair value through other comprehensive income	167,409,220	60,617,970
Net losses on financial assets/liabilities at fair value through profit or loss	250,739,019	714,801,739
Net gains on financial assets at amortised cost	-	(188,771)
Gain on disposal of an associate	-	(615,531)
Impairment losses	485,225,159	952,359,833
Depreciation and amortisation	22,662,668	24,417,529
Finance costs	1,023,128,167	775,017,309
Operating cash flows before movements in working capital	(167,996,616)	(275,145,587)
(Increase)/decrease in financial assets at fair value through profit or loss	(103,525,345)	1,582,549,885
(Increase)/decrease in financial assets at amortised cost	(506,199,436)	342,765,574
Decrease in financial assets at fair value through other comprehensive income	8,353,154,313	1,183,182,363
Decrease in financial assets held under resale agreement	-	158,506,850
(Increase)/decrease in loans and receivables	(478,056,029)	713,752,437
Decrease in accounts receivable	12,752,794	89,314,949
(Increase)/decrease in cash held on behalf of customers	(30,287,730)	362,274,809
(Increase)/decrease in other assets	(126,415,640)	982,366,408
Decrease in financial liabilities at fair value through profit or loss	(192,113,910)	(1,909,249,061)
Increase/(decrease) in accounts payable	63,700,794	(431,606,432)
Increase/(decrease) in accruals and other payables	193,407,759	(861,527,929)
Decrease in financial assets sold under repurchase agreements	(4,604,697,680)	(2,845,178,262)
Cash generated from/(used in) operations	2,413,723,274	(907,993,996)

22 Cash and cash equivalents (Continued)

(d) Reconciliation of liabilities arising from financing activities

	Bank loans HK$	Notes payable HK$	Lease liabilities HK$	Total HK$
At 31 December 2022 and 1 January 2023	13,316,376,000	-	78,759,548	13,395,135,548
Changes from financing cash flows:				
Proceeds from new bank loans	14,969,504,796	-	-	14,969,504,796
Issuance of notes	-	54,682,500	-	54,682,500
Repayment of notes	-	(54,476,500)	-	(54,476,500)
Repayment of bank loans	(19,781,312,918)	-	-	(19,781,312,918)
Principal and interest elements of lease payments	-	-	(22,534,200)	(22,534,200)
Total changes from financing cash flows	(4,811,808,122)	206,000	(22,534,200)	(4,834,136,322)
Exchange adjustments	38,859,662	(206,473)	-	38,653,189
Other changes				
- Interest expenses	-	243,752	2,402,640	2,646,392
- Interest paid	-	(243,279)	-	(243,279)
At 31 December 2023	8,543,427,540	-	58,627,988	8,602,055,528

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22 Cash and cash equivalents (Continued)

(d) Reconciliation of liabilities arising from financing activities (Continued)

	Bank loans HK$	Notes payable HK$	Lease liabilities HK$	Total HK$
At 31 December 2021 and 1 January 2022	11,329,075,942	1,139,937,637	96,525,816	12,565,539,395
Changes from financing cash flows:				
Proceeds from new bank loans	17,367,215,300	-	-	17,367,215,300
Repayment of bank loans	(15,404,920,942)	-	-	(15,404,920,942)
Repayment of notes	-	(1,130,765,000)	-	(1,130,765,000)
Principal and interest elements of lease payments	-	-	(20,800,800)	(20,800,800)
Total changes from financing cash flows	1,962,294,358	(1,130,765,000)	(20,800,800)	810,728,558
Exchange adjustments	25,005,700	258,478	-	25,264,178
Other changes				
- Interest paid	-	(18,375,562)	-	(18,375,562)
- Interest expenses	-	8,944,447	3,034,532	11,978,979
At 31 December 2022	13,316,376,000	-	78,759,548	13,395,135,548

23 Other assets and interest receivables

	2023 HK$	2022 HK$
Non-current asset		
Deposits	19,524,444	13,416,010
Current assets		
Prepayments and deposits	16,549,016	6,817,023
Other receivables*	325,702,770	217,048,106
	342,251,786	223,865,129
Interest receivables	264,091,042	407,944,381

* Included in the amount of other receivables, approximately HK$303.1 million were the receivables arising from securities trading as at 31 December 2023 (2022: HK$203.1 million), which had been settled shortly after the year-end.

The Group's interest receivables arise mainly from fixed-income direct investment business with gross carrying amount of HK$299,280,985 (2022: HK$439,656,980). An impairment loss of HK$3,477,344 (2022: 31,712,599) was recognised for the year ended 31 December 2023. The amount of ECL is updated at each reporting date to reflect the change in credit risk of the respective financial instruments since initial recognition.

24 Accounts payables

	2023 HK$	2022 HK$
Accounts payable arising from the ordinary course of business of securities brokerage, futures and options dealing services:		
- Cash clients	118,836,110	128,056,337
- Margin clients	40,415,925	36,462,442
- Clearing house	68,377,873	4,878,385
- Broker	5,468,050	-
	233,097,958	169,397,164

Accounts payable arising from the business of dealing in securities

The accounts payable balances arising from the ordinary course of business of securities brokerage services are normally settled in two trading days after the trade date except for the money held on behalf of clients at the segregated bank accounts which are repayable on demand. No ageing analysis is disclosed as, in the opinion of directors of the Group, an ageing analysis does not give additional value in view of the nature of this business.

25 Accruals and other payables

	2023 HK$	2022 HK$
Accrued expenses	43,244,994	58,996,262
Other payables*	403,296,867	192,135,210
Loan interest payables	161,149,684	163,687,633
Contract liabilities	-	2,002,630
	607,691,545	416,821,735

All of the accruals and other payables are expected to be settled within one year or repayable on demand.

* Included in the amount of other payables, approximately HK$258.0 million were the payables arising from securities trading as at 31 December 2023 (2022: HK$148.0 million), which had been settled shortly after the year-end.

26 Bank loans

	2023 HK$	2022 HK$
Unsecured bank loans	8,543,427,540	13,316,376,000
	8,543,427,540	13,316,376,000

Bank loans are repayable within one year and classified as current liabilities.

At 31 December 2023, the Group's banking facilities amounted to HK$20,942,000,000 (2022: HK$20,943,000,000. The facilities were utilised to the extent of HK$8,543,427,540 (2022: HK$13,316,376,000), which is unsecured.

During the year ended 31 December 2023, in respect of bank loans with carrying amount of HK$1,125,862,500 as at 31 December 2023, the Company did not comply with financial conditions which are related to maintenance of the ratio of EBITDA to interest expenses at an agreed level. On discovery of such potential non-compliance during the year, the directors of the Company informed the lenders who have not made any demand for immediate repayment of the bank loans. Notwithstanding the above, the directors of the Company believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group.

27 Financial assets sold under repurchase agreements

	2023 HK$	2022 HK$
Financial assets sold under repurchase agreements		
Analysed by type of collateral:		
- Bonds	7,612,406,352	12,217,104,032

As at 31 December 2023, the Group entered into sales and repurchase agreements with financial institutions to sell bonds recognised as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income with carrying amount of HK$10,030,830,464 (2022: HK$16,049,762,833), which are subject to the simultaneous agreements to repurchase these investments (or assets that are substantially the same) at the agreed dates and prices.

Sales and repurchase agreements are transactions in which the Group sells bonds and simultaneously agrees to repurchase them (or assets that are substantially the same) at the agreed dates and prices. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of those bonds sold. The bonds are not derecognised from the financial statements but regarded as "collaterals" for the liabilities because the Group retains substantially all the risks and rewards of the bonds.

28 Notes payable

In 2021, one of the Company's subsidiaries issued notes in the aggregate principal amount of US$195,000,000 to independent third parties, of which an aggregate principal amount of US$50,000,000 was redeemed. The notes carry variable interest at 1% to 1.8% per annum and were to be redeemed within one year. During the year ended 31 December 2022, the aggregate note principals of US$145,000,000 were fully redeemed.

In 2023, another subsidiary of the Company issued notes in the aggregate principal amount of RMB50,000,000 (or HK$54,476,500 equivalent) to independent third parties. The notes carry fixed interest at 1.75% per annum and were to be redeemed within six months. During the year ended 31 December 2023, the aggregate note principals of RMB50,000,000 were fully redeemed.

As at 31 December 2023 and 2022, there was no outstanding principal amount of the notes payable.

The movement of the notes payable for the years ended 31 December 2023 and 2022 are set out below:

	2023 HK$	2022 HK$
At the beginning of the year	-	1,139,937,637
Issue of notes	54,682,500	-
Interest charged (note 9(b))	243,752	8,944,447
Repayment of note principal	(54,476,500)	(1,130,765,000)
Interest paid	(243,279)	(18,375,562)
Exchange realignment	(206,473)	258,478
At the end of the year	-	-

28 Notes payable (Continued)

The carrying amounts of the above notes payable are repayable:		
- Within one year	-	-

29 Current and deferred income tax

(a) Deferred tax liabilities recognised:

The following are the major deferred tax liabilities of the Group recognised and movements thereon during the current and prior year:

	Notes payable HK$	Customers' relationship HK$	Unrealised gain on financial Instruments HK$	Total HK$
Balance at 1 January 2022	-	433,510	90,275,735	90,709,245
Credited to profit or loss (note 10)	-	(433,510)	(24,313,897)	(24,747,407)
Exchange realignment	-	-	(274,539)	(274,539)
Balance at 31 December 2022 and 1 January 2023	-	-	65,687,299	65,687,299
Credited to profit or loss (note 10)	-	-	(20,778,430)	(20,778,430)
Exchange realignment	-	-	(114,105)	(114,105)
Balance at 31 December 2023	-	-	44,794,764	44,794,764

(b) Deferred tax assets recognised:

	Decelerated tax depreciation HK$	Impairment provision HK$	Tax losses HK$	Total HK$
Balance at 1 January 2022	-	(18,066,641)	(16,620,281)	(34,686,922)
Debited to profit or loss (note 10)	-	2,035,387	-	2,035,387
Balance at 31 December 2022 and 1 January 2023	-	(16,031,254)	(16,620,281)	(32,651,535)
Debited to profit or loss (note 10)	-	565	-	565
Balance at 31 December 2023	-	(16,030,689)	(16,620,281)	(32,650,970)

29 Current and deferred income tax (Continued)

(b) Deferred tax assets recognised: (Continued)

In accordance with the accounting policy set out in note 2(r), the Group has not recognised deferred tax assets in respect of cumulative tax loss of approximately HK$3,265 million (2022: approximately HK$1,482 million) as management is uncertain on whether future taxable profits against which the credits or losses can be utilised will be available. The tax losses do not expire under the current tax legislation.

30 Capital and reserves

(a) Share capital

	2023		2022	
	No. of shares	Amount HK$	No. of shares	Amount HK$
Ordinary shares, issued and fully paid:				
Balance as at 1 January and 31 December	4,207,300,000	4,207,300,000	4,207,300,000	4,207,300,000

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at the general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Nature and purpose of reserves

Fair value reserve

This reserve comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 2(k).

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The capital structure of the Group consists of debts, which include bank loans, financial assets sold under repurchase agreements and equity attributable to owners of the Company, comprising issued share capital and reserves.

30 Capital and reserves (Continued)

(c) Capital management (Continued)

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors of the Company consider the cost of capital and other sources of funds other than issuance of shares, including bank loans and financial assets sold under repurchase agreements. Based on the recommendation of the directors of the Company, the Group will balance its overall capital structure through raising or repayment of borrowings.

CMBC Securities Company Limited, CMBC International Futures Company Limited, CMBC Asset Management Company Limited and CMBC International Capital Limited are registered by the Hong Kong Securities and Futures Commission (the "SFC") and are subject to the liquid capital requirements under the Hong Kong Securities and Futures (Financial Resources) Rules (the "SF(FR)R") adopted by the SFC. For the licensed subsidiaries, the Group ensures each of them maintains a liquid capital level adequate to support the level of activities with sufficient buffer to accommodate for increases in liquidity requirements arising from potential increase in the level of business activities.

The Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as total debt divided by capital and total debt. During the years ended 31 December 2023 and 2022, the Group's strategy was to maintain a reasonable gearing ratio and a balance between higher shareholder returns with higher levels of borrowings and solid capital position, and make adjustment to capital structure in light of changes in economic conditions. The gearing ratios at 31 December 2023 and 2022 were as follows:

	2023 HK$	2022 HK$
Bank loans	8,543,427,540	13,316,376,000
Financial assets sold under repurchase agreements	7,612,406,352	12,217,104,032
Lease liabilities	58,627,988	78,759,548
Total debt	16,214,461,880	25,612,239,580
Equity attributable to owners of the Company	2,586,517,964	3,257,300,351
Capital and total debt	18,800,979,844	28,869,539,931
Gearing ratio	0.86	0.89

31 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate, and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to loans and receivables, accounts receivable, other receivables, financial assets at amortised cost, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, interest receivables and bank balances as at 31 December 2023 and 2022.

The Group's maximum exposure to credit risk in the event of counterparties' failure to perform their obligations as at 31 December 2023 and 2022 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. For details relating to credit losses and impairment of financial assets, please refer to note 2(l).

In respect of loans and receivables, individual credit evaluations are performed on loan borrowers requiring credit over a certain amount. These take into account the loan borrowers' past payment history, financial position and other factors. The Group may obtain collaterals from loan borrowers.

In order to manage the credit risk in the accounts receivable due from clients arising from businesses of dealing in securities, individual credit evaluation is performed on all clients including cash and margin clients. Accounts receivable from cash clients generally settled in two days after trade date, credit risk arising from the accounts receivable due from cash clients is considered minimal. For margin clients, the Group normally obtains liquid securities as collateral based on the margin requirements.

The Group has not granted any committed facility amount to each of the margin clients and the margin loan is granted by the Group depending on the assessment of the quality of the collateral and credit risk of the respective client. The margin requirement is closely monitored on a daily basis by the designated team. In addition, the Group reviews the recoverable amount of each individual receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Market conditions and adequacy of securities collateral and margin deposits of each margin account are monitored by management on a daily basis. Margin calls and forced liquidation are made where necessary.

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31 Financial risk management and fair values of financial instruments (Continued)

(a) Credit risk (Continued)

In respect of accounts receivable from clearing houses arising from businesses of dealing in securities and futures and options contracts, credit risks are considered low as the Group normally enters into transactions with clearing houses or agents which are registered with regulatory bodies. For accounts receivable arising from the ordinary course of business of asset management services, credit risks are considered to be minimal with exposures limited to related parties and reputable counterparties.

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong. As at 31 December 2023, the Group has concentration risk on its accounts receivable as the balance with the largest client represent 35% (2022: 28%) of the total accounts receivable from cash and margin clients and the three largest clients represent 35%, 20% and 16% (2022: 28%, 22% and 15%) respectively, of the accounts receivable from cash and margin clients. The Group has no other significant concentration risk.

The Company manages credit risk of loans and receivables by obtaining collaterals, guarantees or keepwell and liquidity deed from the borrowers. For loans and receivables, the management, the risk management department and relevant business units will review the financial strength, purpose of the borrowing, repayment ability of the borrower to ensure that the borrower has sound financial repayment ability prior to entering into a transaction. The Group assesses the credit profile of each individual debtor by analysing many factors that influence the default probability, including (but not limited to) the counterparty's financial profile, business prospects and management, macroeconomic development, industrial and sovereign risk, and historical performance. In the post-investment stage, the financial conditions of the borrower or the guarantors will be reviewed on a regular basis.

For the other financial assets, the management has closely monitored their status and it believes that the Group's credit risk exposure on them is minimal.

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all accounts receivable arising from the business of securities underwriting, advisory, client referral and asset management services, cash and cash equivalents and contract assets. The Group assessed such expected credit losses are immaterial for both years ended 31 December 2023 and 2022.

31 Financial risk management and fair values of financial instruments (Continued)

(b) Liquidity risk

The Group's policy is to regular monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and cash equivalent and adequate committed lines of funding from major financial institutions to meet its liquidity requirement in the short and long term. The management believes the working capital of the Group is adequate to meet its contractual and reasonably foreseeable obligations as they fall due.

The following tables detail the Group's liquidity analysis for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted contractual cash flows on the financial liabilities. To the extent that interest flows are floating rate, the undiscounted amount is derived from the prevailing market rate at the end of the reporting period.

	On demand or less than 1 year HK$	1 to 2 years HK$	2 to 5 years HK$	Total undiscounted cash flows HK$	Total carrying amount HK$
As at 31 December 2023					
Financial liabilities at FVTPL	30,800,291	-	-	30,800,291	30,800,291
Accounts payable	233,097,958	-	-	233,097,958	233,097,958
Bank loans	8,543,427,540	-	-	8,543,427,540	8,543,427,540
Financial assets sold under repurchase agreements	7,612,406,352	-	-	7,612,406,352	7,612,406,352
Other payables	564,446,551	-	-	564,446,551	564,446,551
Lease liabilities	19,182,960	22,187,520	20,338,560	61,709,040	58,627,988
	17,003,361,652	22,187,520	20,338,560	17,045,887,732	17,042,806,680

	On demand or less than 1 year HK$	1 to 2 years HK$	2 to 5 years HK$	Total undiscounted cash flows HK$	Total carrying amount HK$
As at 31 December 2022					
Financial liabilities at FVTPL	309,142,699	-	-	309,142,699	309,142,699
Accounts payable	169,397,164	-	-	169,397,164	169,397,164
Bank loans	13,316,376,000	-	-	13,316,376,000	13,316,376,000
Financial assets sold under repurchase agreements	12,217,104,032	-	-	12,217,104,032	12,217,104,032
Other payables	355,822,843	-	-	355,822,843	355,822,843
Lease liabilities	20,800,800	20,916,360	42,526,080	84,243,240	78,759,548
	26,388,643,538	20,916,360	42,526,080	26,452,085,978	26,446,602,286

31 Financial risk management and fair values of financial instruments (Continued)

(c) Interest rate risk

(i) Cash flow interest rate risk

The Group's cash flow interest rate risk arises primarily from variable rate financial assets and liabilities.

The Group's cash flow interest rate risk exposure is summarised as follows:

	2023 Effective interest rate %	2023 HK$	2022 Effective interest rate %	2022 HK$
Bank loans	SOFR + 1.2% to HIBOR + 1.2%	8,359,146,380	LIBOR + 1% to LIBOR + 1.8%	13,316,376,000
Financial assets sold under repurchase agreements	3.85% to 6.3%	7,612,406,352	0.7% to 5.5%	12,217,104,032
Less: Financial asset at FVOCI	N/A	-	LIBOR + 1.35%	(15,600,131)
Less: Loans and receivables	Loan Prime Rate + 0.35% to SOFR + 4.3%	(465,459,525)	5% to 12.7%	(906,737,747)
Less: saving account balances - HK and Macau banks	0.001% to 0.875%	(177,356,589)	0.001% to 1%	(1,488,113,950)
Less: saving account balances - PRC banks	0.01% to 0.25%	(207,536,196)	0.01% to 0.25%	(97,415,231)
Less: accounts receivable arising from the business dealing in securities for margin clients	5% to 18.9%	(142,164,967)	3.5% to 18.6%	(176,438,247)
		14,979,035,455		22,849,174,726

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for certain variable rate bank loans, loans and receivables, bank balances, accounts receivable arising from the business dealing in securities, financial assets at fair value through other comprehensive income and financial assets sold under repurchase agreements at the end of the reporting period. The analysis is prepared assuming these balances outstanding at the end of the reporting period were held/outstanding for the whole year. A 50 basis points (2022: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2022: 50 basis points) higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2023 would increase or decrease by HK$62,537,473 (2022: HK$95,395,304).

(ii) Fair value interest rate risk

The Group's fair value interest rate risk arises primarily from financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

31 Financial risk management and fair values of financial instruments (Continued)

(c) Interest rate risk (Continued)

(ii) Fair value interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss at the end of the reporting period. The analysis is prepared assuming these balances outstanding at the end of the reporting period were held/outstanding for the whole year. A 50 basis points (2022: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2022: 50 basis points) higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2023 would increase or decrease by HK$18,540,407 (2022: HK$21,409,146), and the Group's other comprehensive loss for the year ended 31 December 2023 would increase or decrease by HK$38,553,824 (2022: HK$76,151,279).

(d) Currency risk

The Company's functional currency is Hong Kong dollars. The Group is exposed to currency risk primarily through investing activities giving rise to bank and cash, investment and other assets balance that are denominated in other currencies, being primarily United States dollars (USD) and Renminbi (RMB).

As the Hong Kong dollar (HKD) is pegged to the USD, the Group considers the risk of movements in exchange rates between the HKD and the USD to be insignificant. In respect of balances denominated in the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the Group's functional currency of HKD. For presentation purposes, the amounts of the exposure are expressed in HKD.

	2023 Renminbi	2022 Renminbi
Monetary assets		
Cash and cash equivalents	383,029,724	437,359,869
Financial assets at FVTPL	96,654,210	-
Financial assets at FVOCI	81,807,731	22,262,576
Non-monetary assets		
Financial assets at FVTPL	1,326,060,165	640,943,296
Financial assets at FVOCI	486,588,334	561,665,570
Net exposure to currency risk	2,374,140,164	1,662,231,311

31 Financial risk management and fair values of financial instruments (Continued)

(d) Currency risk (Continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss before tax and reserves that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the HKD and the USD would be materially unaffected by any changes in movement in value of the USD against other currencies.

	2023		2022	
	Increase/ (decrease) in foreign exchange rates	Effect on loss before tax and retained earnings HK$	Increase/ (decrease) in foreign exchange rates	Effect on loss before tax and retained earnings HK$
Renminbi (Monetary assets)	5%/ (5%)	28,074,583/ (28,074,583)	5%/ (5%)	22,981,122/ (22,981,122)
Renminbi (Non-monetary assets)	5%/ (5%)	90,632,425/ (90,632,425)	5%/ (5%)	60,130,443/ (60,130,443)

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for both 2023 and 2022.

(e) Other price risk

The Group is exposed to other price risk through its investment in financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income. The management manages its exposure by maintaining a portfolio of investments with different risk profiles.

The Group also held certain unlisted investment funds. The performance of the Group's unlisted investments is assessed, based on information available to the Group, periodically against performance of listed entities of comparable sign and nature of business.

31 Financial risk management and fair values of financial instruments (Continued)

(e) Other price risk (Continued)

Sensitivity analysis

The following table demonstrates the sensitivity of the Group's loss before tax and other comprehensive loss that would arise assuming that the change in fair values had occurred at the end of the reporting period and had been applied to re-measure those financial instruments which expose the Group to equity price risk at the end of the reporting period. The analysis is performed on the same basis for 2023 and 2022.

As at 31 December 2023

	Increase/ (decrease) in prices of underlying instrument	Carrying amount HK$	Decrease/ (increase) in loss before tax HK$	Decrease/ (increase) in other comprehensive loss HK$
Financial assets at fair value through profit or loss:				
Unlisted investment funds	5%/(5%)	1,319,536,072	65,976,804/ (65,976,804)	-
Unlisted preference shares	5%/(5%)	6,944,156	347,208/ (347,208)	-
Unlisted equities	5%/(5%)	645,065,289	32,253,264/ (32,253,264)	-
Listed or quoted investment funds	5%/(5%)	6,230,493	311,525/ (311,525)	
Listed equity securities in Hong Kong	5%/(5%)	87,932,574	4,396,629/ (4,396,629)	-
Listed equity securities in outside Hong Kong	5%/(5%)	370,013,226	18,500,661/ (18,500,661)	-
Financial assets at fair value through other comprehensive income:				
Equity instruments	5%/(5%)	5,302,551,396	-	265,127,570/ (265,127,570)

31 Financial risk management and fair values of financial instruments (Continued)

(e) Other price risk (Continued)

Sensitivity analysis (Continued)

As at 31 December 2022

	Increase/ (decrease) in prices of underlying instrument	Carrying amount HK$	Decrease/ (increase) in loss before tax HK$	Decrease/ (increase) in other comprehensive loss HK$
Financial assets at fair value through profit or loss:				
Unlisted investment funds	5%/(5%)	954,624,672	47,731,234/ (47,731,234)	-
Unlisted preference shares	5%/(5%)	6,935,356	346,768/ (346,768)	-
Unlisted equities	5%/(5%)	355,815,671	17,790,784 / (17,790,784)	-
Listed or quoted investment funds	5%/(5%)	7,293,363	364,668/ (364,668)	
Listed equity securities in Hong Kong	5%/(5%)	197,727,956	9,886,398/ (9,886,398)	-
Listed equity securities in outside Hong Kong	5%/(5%)	456,338,930	22,816,947/ (22,816,947)	-
Financial assets at fair value through other comprehensive income:				
Equity instruments	5%/(5%)	11,250,741,046	-	562,537,052/ (562,537,052)

31 Financial risk management and fair values of financial instruments (Continued)

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Fair value at 31 December 2023 HK$	Fair value measurements as at 31 December 2023 categorised into		
		Level 1 HK$	Level 2 HK$	Level 3 HK$
Recurring fair value measurements				
Assets:				
Financial assets at fair value through profit or loss				
- Listed equity securities	457,945,800	454,156,637	3,789,163	-
- Debt investments	4,430,196,869	-	4,430,196,869	-
- Listed investment funds	6,230,493	6,230,493	-	-
- Unlisted equities	645,065,289	-	158,820,336	486,244,953
- Unlisted preference shares	6,944,156	-	-	6,944,156
- Unlisted investment funds	1,319,536,072	-	-	1,319,536,072
- Unlisted convertible debt investments	10,619,068	-	-	10,619,068
Financial assets at fair value through other comprehensive income				
- Debt investments	4,436,195,448	-	4,359,869,594	76,325,854
- Equity instruments	5,302,551,396	17,709,600	4,798,253,462	486,588,334
	16,615,284,591	478,096,730	13,750,929,424	2,386,258,437

31 Financial risk management and fair values of financial instruments (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

	Fair value at 31 December 2023 HK$	Fair value measurements as at 31 December 2023 categorised into Level 1 HK$	Level 2 HK$	Level 3 HK$
Recurring fair value measurements				
Liabilities:				
Financial liabilities at fair value through profit or loss				
- Payables to interest holders of unlisted consolidated investment funds	(30,800,291)	-	-	(30,800,291)
	(30,800,291)	-	-	(30,800,291)

During the year ended 31 December 2023, an equity investment was reclassified from level 3 to level 2 as quoted price for similar assets in active market was available.

During the years ended 31 December 2023 and 2022, there were no other transfer between level 1 and level 2.

During the year ended 31 December 2022, certain debt investments were reclassified from level 2 to level 3 as the management considered that this should better reflect the value of those investments. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of that date of the event or change in circumstances that caused the transfer.

31 Financial risk management and fair values of financial instruments (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continiued)

	Fair value at 31 December 2022 HK$	Fair value measurements as at 31 December 2022 categorised into Level 1 HK$	Level 2 HK$	Level 3 HK$
Recurring fair value measurements				
Assets:				
Financial assets at fair value through profit or loss				
- Listed equity securities	654,066,886	654,066,886	-	-
- Debt securities	5,117,320,155	-	5,117,320,155	-
- Listed investment funds	7,293,363	7,293,363	-	-
- Unlisted equities	355,815,671	-	-	355,815,671
- Unlisted preference shares	6,935,356	-	-	6,935,356
- Unlisted investment funds	954,624,672	-	-	954,624,672
- Unlisted convertible debt investments	10,619,068	-	-	10,619,068
Financial assets at fair value through other comprehensive income				
- Debt securities	6,989,086,331	-	6,855,113,511	133,972,820
- Equity instruments	11,250,741,046	27,861,601	10,661,213,875	561,665,570
	25,346,502,548	689,221,850	22,633,647,541	2,023,633,157
Recurring fair value measurements				
Liabilities:				
Financial liabilities at fair value through profit or loss				
- Payables to interest holders of unlisted consolidated investment funds	(295,633,400)	-	-	(295,633,400)
- Debt securities	(13,509,299)	-	(13,509,299)	-
	(309,142,699)	-	(13,509,299)	(295,633,400)

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

31 Financial risk management and fair values of financial instruments (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

Valuation technique and inputs used in Level 3 fair value measurements

The table sets out information about valuation techniques used at year end in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

As at 31 December 2023

	Fair value at 31 December 2023 HK$	Valuation technique	Significant unobservable inputs
Financial assets at fair value through profit or loss			
Unlisted equities	486,244,953	Market approach/ Recent transaction price/Calibration /Equity allocation model	Discount rate for lack of marketability/ Scenario probability/ Sales multiples
Unlisted preference shares	6,944,156	Equity allocation model/ Probability weighted expected return method	Scenario probability/ Recovery rate of redemption
Unlisted investment funds	1,319,536,072	Market approach/ Recent transaction price/Calibration/ Equity allocation model/Net asset value	Discount rate for lack of marketability/ Scenario probability/ Sales multiples/EBITDA multiples/Price-to-sales ratio
Unlisted convertible debt investments	10,619,068	Discounted cash flow	Discount rate
Financial assets at fair value through other comprehensive income			
Debt securities	76,325,854	Discounted cash flow model	Discount rate taking into account the credit risk of the issuer
Equity instruments	486,588,334	Market approach	Discount rate for lack of marketability/Price-to-book ratio

31 Financial risk management and fair values of financial instruments (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

Valuation technique and inputs used in Level 3 fair value measurements (Continued)

As at 31 December 2023 (Continued)

	Fair value at 31 December 2023 HK$	Valuation technique	Significant unobservable inputs
Financial liabilities at fair value through profit or loss			
Payables to interest holders of unlisted consolidated investment funds	(30,800,291)	Net asset value	Not applicable

As at 31 December 2022

	Fair value at 31 December 2022 HK$	Valuation technique	Significant unobservable inputs
Financial assets at fair value through profit or loss			
Unlisted equities	355,815,671	Market approach/ Recent transaction price/Trending on stock price movement/Binomial model/Equity allocation model	Discount rate for lack of marketability/Stock price movement/ Scenario probability/ Sales multiples/Volatility of share price
Unlisted preference shares	6,935,356	Equity allocation model/ Probability weighted expected return method	Scenario probability/ Recovery rate of redemption
Unlisted investment funds	954,624,672	Market approach/ Recent transaction price/Trending on stock price movement/Equity allocation model/Net asset value	Discount rate for lack of marketability/Stock price movement/ Scenario probability/ Sales multiples/Volatility of share price
Unlisted convertible debt investments	10,619,068	Discounted cash flow	Discount rate

31 Financial risk management and fair values of financial instruments (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

Valuation technique and inputs used in Level 3 fair value measurements (Continued)

As at 31 December 2022 (Continued)

	Fair value at 31 December 2022 HK$	Valuation technique	Significant unobservable inputs
Financial assets at fair value through other comprehensive income			
Debt securities	133,972,820	Discounted cash flow model	Discount rate taking into account the credit risk of the issuer
Equity instruments	561,665,570	Net asset value	Not applicable
Financial liabilities at fair value through profit or loss			
Payables to interest holders of unlisted consolidated investment funds	(295,633,400)	Net asset value	Not applicable

Sensitivity of fair value measurement to changes in unobservable inputs

Although management believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on the Group's loss before tax.

	Favourable HK$	(Unfavourable) HK$
31 December 2023		
Financial assets at fair value through profit or loss		
Unlisted equities	114,634,544	(49,328,060)
Unlisted investment funds	298,980,611	(127,310,909)
31 December 2022		
Financial assets at fair value through profit or loss		
Unlisted equities	34,681,514	(22,699,867)
Unlisted investment funds	615,836,029	(227,391,854)

31 Financial risk management and fair values of financial instruments (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

Sensitivity of fair value measurement to changes in unobservable inputs (Continued)

As at 31 December 2023 and 2022, the most significant unobservable inputs for unlisted equities are discount rate for lack of marketability, scenario probability, sales multiples and volatility of share price. (2022: discount rate for lack of marketability, stock price movement, scenario probability, sales multiples and volatility of share price). The discount rate for lack of marketability used in the valuation models at 31 December 2023 ranged from 9.0% to 28.1% (2022: from 12.3% to 21.1%). The sales multiples used in the models at 31 December 2023 ranged from 3.0 to 16.7 (2022: from 3.3 to 5.5). The volatility of share price used in the model at 31 December 2023 ranged from 31.0% to 71.6% (2022: from 35.0% to 63.8%).

For unlisted investment funds, the most significant unobservable inputs are discount rate for lack of marketability, scenario probability, sales multiples, EBITDA multiples, price-to-sales ratio and volatility of share price (2022: discount rate for lack of marketability, stock price movement, scenario probability, sales multiples and volatility of share price). The discount rate for lack of marketability used in the model at 31 December 2023 ranged from 7.3% to 25.5% (2022: from 10.6% to 20.3%). The sales multiples used in the model at 31 December 2023 ranged from 3.1 to 14.6 (2022: from 3.2 to 75.0). The volatility of share price used in the model at 31 December 2023 ranged from 32.0% to 42.1% (2022: from 40.6% to 46.9%).

For unlisted convertible debt investments, the most significant unobservable inputs is discount rate (2022: discount rate). The discount rate used in the model at 31 December 2023 is 14% (2022: 14%). The effects on the Group's loss before tax is considered as not material for both 31 December 2023 and 2022 by reasonably changing the discount rate used.

The movement during the year in the balance of Level 3 fair value measurement is as follows:

Financial assets at fair value through profit or loss:

	2023 HK$	2022 HK$
At 1 January	1,327,994,767	1,552,052,218
Additions	890,113,277	65,306,218
Disposal	(28,898,480)	(164,756,392)
Transfer from level 3 to level 2	(158,820,336)	-
Net losses charged to profit or loss	(207,044,979)	(124,607,277)
At 31 December	1,823,344,249	1,327,994,767

The net unrealised losses are recognised in the profit or loss as a net loss from financial assets at fair value through profit or loss.

31 Financial risk management and fair values of financial instruments (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

Sensitivity of fair value measurement to changes in unobservable inputs (Continued)

The movement during the year in the balance of Level 3 fair value measurement is as follows: (Continued)

Financial assets at fair value through other comprehensive income:

	2023 HK$	2022 HK$
At 1 January	695,638,390	611,545,988
Transfer from level 2 to level 3	-	145,406,696
Change in fair value recognised in other comprehensive loss during the year	(124,695,518)	(9,509,482)
Exchange losses recognised in profit or loss during the year	(8,028,684)	(51,804,812)
At 31 December	562,914,188	695,638,390

Financial liabilities at fair value through profit or loss:

	2023 HK$	2022 HK$
At 1 January	295,633,400	2,241,674,142
Addition	-	1,059,716
Disposal	(277,418,236)	(1,964,178,640)
Net losses charged to profit or loss	12,585,127	17,078,182
At 31 December	30,800,291	295,633,400

The net unrealised losses are recognised in the profit or loss as a net loss from financial liabilities at fair value through profit or loss.

31 Financial risk management and fair values of financial instruments (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

Fair value measurements and valuation processes

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market closing prices. The fair value of financial assets that are not traded in active liquid markets are determined using appropriate valuation techniques and inputs. The appropriateness of the valuation techniques and inputs to the fair value measurements are reviewed by the Directors periodically.

Fair value of financial assets and liabilities that are not measured at fair value

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recognised at amortised cost approximate their fair values, which were determined in accordance with generally accepted pricing models based on undiscounted cash flow analysis, as at 31 December 2023 and 2022.

(ii) Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2023 and 2022.

32 Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments that are either:

- offset in the Group's consolidated statement of financial position; or
- not offset in the consolidated statement of financial position as the offsetting criteria are not met.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC"), the Group has a legally enforceable right to set off the money obligations receivable and payable with HKSCC on the same settlement date and are settled simultaneously. In addition, the Group has a legally enforceable right to set off all clients accounts receivable and payable at any time without prior notice to clients and the Group intends to settle these balances on a net basis.

Except for above, amounts due from/to HKSCC that are not to be settled on the same date, accounts receivable and payable from clients and brokers not intends to settle on a net basis, financial collateral including cash and securities received by the Group, deposit placed with HKSCC do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default.

32 Offsetting financial assets and financial liabilities (Continued)

(a) Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements

	At 31 December 2023				
Type of financial assets	Gross amounts of recognised financial assets after impairment HK$	Gross amounts of recognised financial liabilities offset in the consolidated statement of financial position HK$	Net amounts of financial assets presented in the consolidated statement of financial position HK$	Related amounts not set off in the consolidated statement of financial positions HK$	Net amount HK$
Accounts receivable arising from the business of dealing in securities brokerage, futures and options dealing services	124,684,187	(43,492,993)	81,191,194	-	81,191,194

	At 31 December 2022				
Type of financial assets	Gross amounts of recognised financial assets after impairment HK$	Gross amounts of recognised financial liabilities offset in the consolidated statement of financial position HK$	Net amounts of financial assets presented in the consolidated statement of financial position HK$	Related amounts not set off in the consolidated statement of financial positions HK$	Net amount HK$
Accounts receivable arising from the business of dealing in securities brokerage, futures and options dealing services	199,100,102	(74,615,475)	124,484,627	-	124,484,627

(b) Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

	At 31 December 2023				
Type of financial liabilities	Gross amounts of recognised financial liabilities HK$	Gross amounts of recognised financial assets offset in the consolidated statement of financial position HK$	Net amounts of financial liabilities presented in the consolidated statement of financial position HK$	Related amounts not set off in the consolidated statement of financial positions HK$	Net amount HK$
Accounts payable arising from the business of dealing in securities brokerage, futures and options dealing services	276,590,951	(43,492,993)	233,097,958	-	233,097,958

32 Offsetting financial assets and financial liabilities (Continued)

(b) Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements (Continued)

	At 31 December 2022				
Type of financial liabilities	Gross amounts of recognised financial liabilities HK$	Gross amounts of recognised financial assets offset in the consolidated statement of financial position HK$	Net amounts of financial liabilities presented in the consolidated statement of financial position HK$	Related amounts not set off in the consolidated statement of financial positions HK$	Net amount HK$
Accounts payable arising from the business of dealing in securities brokerage, futures and options dealing services	244,012,639	(74,615,475)	169,397,164	-	169,397,164

33 Involvement with unconsolidated structured entity

The table below describes the types of structured entity that the Group does not consolidate but in which it holds an interest.

Type of structured entity	Nature and purpose	Interest held by the Company
Unlisted investment funds	To manage assets on behalf of third party investors	Acting as limited partner

The Group has concluded that the unlisted investment funds in which it invests, but that it does not consolidate meets the definition of structured entities because:

- The voting rights in the funds are not dominant rights in deciding who controls them as they relate to administrative tasks only;
- Each fund's activities are restricted by its articles of associations; and/or
- The funds have narrow and well-defined objectives to provide investment opportunities to investors.

33 Involvement with unconsolidated structured entity (Continued)

As at 31 December 2023, the carrying value of interests held by the Group in unconsolidated investment funds amounted to HK$1,325,766,565 (2022: HK$961,918,035). The maximum exposure to loss is the carrying value of the assets held.

34 Material related party transactions

(a) Transactions with key management personnel

All members of key management personnel are directors of the Company, and their remuneration is disclosed in note 11.

(b) Transactions with other related parties

Except as disclosed elsewhere in these financial statements, the Group had the following material related party transactions during the year:

	2023 HK$	2022 HK$
Loan interest income from a fellow subsidiary (Note)	-	3,050,718
Asset management fee from segregated portfolios invested by the ultimate holding company (Note)	-	191,341
Transactions with a branch of the ultimate holding company (Note):		
- Interest expenses charged	145,271,765	68,997,101
- Interest income earned	3,666,681	1,713,248
- Bank charges	62,588	1,167,153
- Distribution fee expenses	-	51,781

Note: The transactions were conducted in the normal course of business and based on the terms mutually determined and agreed by the respective parties.

(c) Balances with other related parties

	2023 HK$	2022 HK$
Balances with a branch of the ultimate holding company:		
- Loan interest payable included in accruals and other payables	(15,705,813)	(2,105,747)
- Interest receivable included in other current assets	52,719	161,052
- Bank loans	(1,955,312,000)	(2,697,799,200)
Bank balances at a branch of the ultimate holding company:		
- House accounts	439,685,646	271,439,472
- Segregated accounts	48,376,036	203,245,808

CMBC INTERNATIONAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 Statement of financial position and equity of the Company

	2023 HK$	2022 HK$
Non-current assets		
Property and equipment	26,239	73,396
Investment in subsidiaries	817,933,775	827,933,775
Financial assets at amortised cost	496,024,522	7,759,812
Loans and receivables	233,862,410	216,205,301
Deferred tax assets	32,650,970	32,650,970
	1,580,497,916	1,084,623,254
Current assets		
Financial assets at fair value through profit or loss	4,731,922,732	3,276,219,774
Financial assets at fair value through other comprehensive income	6,976,896,500	11,593,841,716
Loans and receivables	190,284,923	250,644,661
Interest receivable	210,084,513	260,884,589
Amount due from subsidiaries	4,962,955,985	7,022,659,532
Other current assets	420,560,946	202,871,648
Cash and cash equivalents	259,182,278	1,319,751,510
	17,751,887,877	23,926,873,430
Current liabilities		
Accruals and other payables	491,677,808	311,867,976
Bank loans	8,543,427,540	13,316,376,000
Financial assets sold under repurchase agreement	6,433,018,231	7,606,238,454
	15,468,123,579	21,234,482,430
Net current assets	2,283,764,298	2,692,391,000
Non-current liabilities		
Deferred tax liabilities	9,391,562	9,391,563
Net assets	3,854,870,652	3,767,622,691

35 Statement of financial position and equity of the Company (Continued)

	2023 HK$	2022 HK$
Capital and reserves		
Share capital	4,207,300,000	4,207,300,000
Reserves	(352,429,348)	(439,677,309)
Total equity	3,854,870,652	3,767,622,691

Approved and authorised for issue by the board of directors on 28 JUN 2024

Li Baochen
Director

Shi Jie
Director

35 Statement of financial position and equity of the Company (Continued)

	Share capital HK$	Retained earnings HK$	Fair value reserve (recycling) HK$	Fair value reserve (non-recycling) HK$	Total HK$
Balance at 31 December 2021 and 1 January 2022	4,207,300,000	678,742,525	(85,000,030)	13,992,465	4,815,034,960
Total comprehensive loss for the year	-	(603,243,136)	(161,499,653)	(282,669,480)	(1,047,412,269)
Balance at 31 December 2022 and 1 January 2023	4,207,300,000	75,499,389	(246,499,683)	(268,677,015)	3,767,622,691
Total comprehensive loss for the year	-	(277,257,691)	183,260,397	181,245,255	87,247,961
Balance at 31 December 2023	4,207,300,000	(201,758,302)	(63,239,286)	(87,431,760)	3,854,870,652

36 Immediate and ultimate controlling party

At 31 December 2023, the directors consider the immediate parent and ultimate controlling party of the Group to be China Minsheng Banking Corp., Ltd., which is incorporated in the People's Republic of China and listed on the Shanghai Stock Exchange and the SEHK. China Minsheng Banking Corp. Ltd. produces consolidated financial statements available for public use.

ISSUER

CMBC International Funding (HK) Limited
民銀國際融資(香港)有限公司
45/F., One Exchange Square
8 Connaught Place, Central
Hong Kong

GUARANTOR

CMBC International Holdings Limited
民生商銀國際控股有限公司
45/F., One Exchange Square
8 Connaught Place, Central
Hong Kong

FISCAL AGENT AND PAYING AGENT

China CITIC Bank International Limited
80/F, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

REGISTRAR AND TRANSFER AGENT

China CITIC Bank International Limited
80/F, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

CALCULATION AGENT

China CITIC Bank International Limited
80/F, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

LEGAL ADVISERS

To the Issuer and the Guarantor as to Hong Kong and English law

Morgan, Lewis & Bockius
19/F, Edinburgh Tower
The Landmark, 15 Queen's Road Central
Hong Kong

To the Joint Lead Managers as to Hong Kong and English law

Linklaters
11th Floor, Alexandra House
Chater Road, Hong Kong

To the Joint Lead Managers as to PRC law

JunHe LLP
20/F, China Resources Building
8 Jianguomenbei Avenue
Beijing 100005, PRC

To the Agents as to English law

Linklaters
11th Floor, Alexandra House
Chater Road, Hong Kong

CURRENT INDEPENDENT AUDITOR OF THE GUARANTOR

KPMG
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

FORMER INDEPENDENT AUDITOR OF THE GUARANTOR

PricewaterhouseCoopers
22/F Prince's Building, Central
Hong Kong