

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

34 Cash flows information (Continued)

34-3 Reconciliation of liabilities arising from financing activities

	Bank borrowings US\$'000	Lease Liabilities US\$'000	Borrowings from fellow subsidiaries US\$'000	Private placement notes issued to the parent company US\$'000	Debt instrument issued and short-term financing instruments payable US\$'000
Net debt as at 1 January 2021	(813,556)	(107,756)	(1,740,342)	(1,249,798)	-
Financing cash flows	(322,028)	33,233	(817,282)	-	-
New leases	-	(8,044)	-	-	-
Lease modifications	-	(4,526)	-	-	-
Foreign exchange adjustments	-	(916)	881	(3,937)	-
Other changes:					
Interest expense (Note 10)	(23,730)	(3,573)	(28,542)	(6,427)	-
Interest payments (Presented as operating cash flows)	23,772	-	28,542	6,427	-
Net debt as at 31 December 2021	<u>(1,135,542)</u>	<u>(91,582)</u>	<u>(2,556,743)</u>	<u>(1,253,735)</u>	<u>-</u>
Net debt as at 1 January 2022	(1,135,542)	(91,582)	(2,556,743)	(1,253,735)	-
Financing cash flows	(269,004)	29,689	1,255,894	193,743	(472,346)
New leases	-	(14,656)	-	-	-
Lease modifications	-	(13,491)	-	-	-
Foreign exchange adjustments	4,131	2,263	2,441	1,326	-
Other changes:					
Interest expense (Note 10)	(47,121)	(2,742)	(37,090)	(5,465)	(8,581)
Interest payments (Presented as operating cash flows)	47,130	-	37,090	5,465	5,654
Net debt as at 31 December 2022	<u>(1,400,466)</u>	<u>(90,519)</u>	<u>(1,298,408)</u>	<u>(1,058,666)</u>	<u>(475,273)</u>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022

34 Cash flows information (Continued)

34.4 Cash inflow from non-controlling shareholders

Cash inflow from non-controlling shareholders refers to capital contributed from other investors to the funds that are controlled and consolidated by the Group.

35 Acquisition of subsidiaries

	CLSA Premium Limited US\$'000
Net assets acquired:	
Property, plant and equipment	124
Right-of-use assets	12
Other debtors, deposits and prepaid expenses	4,673
Cash and bank balances	29,076
Lease liabilities	(13)
Creditors and other accruals	(4,170)
Non-controlling interests	(12,168)
	<hr/>
	17,534
Goodwill	2,797
	<hr/>
	20,331
	<hr/> <hr/>
Satisfied by:	
Creditors and other accruals	(20,331)
	<hr/>
	-
	<hr/> <hr/>
An analysis of the net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:	
Cash and bank balances	29,076
	<hr/> <hr/>

During the year ended 31 December 2022, the Group acquired 59.03% of equity interest in CLSA Premium Limited, a service provider of leveraged foreign exchange business, for consideration of US\$20,331,000 from CITIC Securities Overseas Investment Company Limited, a fellow subsidiary. Goodwill of US\$2,797,000 arising from acquisition was impaired in full during the year ended 31 December 2022.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

36 Private placement notes issued to the parent company

As at 31 December 2022, the private placement notes issued to the parent company are unsecured. Within current portion, of which US\$920,194,000 (2021: US\$920,301,000) are interest-free and repayable on demand, and US\$138,472,000 (2021: US\$194,956,000) are charged at an average interest rate of 3.60% per annum (2021: 2.86% per annum) and repayable in 2023 (2021: repayable in 2022). There is no non-current portion of such balance as at 31 December 2022 (2021: US\$138,478,000, at an average interest rate of 1.17% per annum).

The private placement notes outstanding at 31 December 2021 totalling US\$194,956,000 was repaid in full during the year ended 31 December 2022.

37 Debt instrument issued

		2022	2021
		US\$'000	US\$'000
By category			
Medium term notes issued	(a)	299,869	-
		2022	2021
		US\$'000	US\$'000
By maturity			
Maturity within five years		299,869	-

As at 31 December 2022, there was no default related to any issued debt instruments.

(a) Medium term notes issued

		2022	2021
		US\$'000	US\$'000
Item			
CSI MTN N2504	(i)	299,869	-
Carrying amount		<u>299,869</u>	<u>-</u>

(i) CSI MTN Limited issued USD300,000,000 3.375 per cent Guaranteed Notes due 2025 under the USD3,000,000,000 Medium Term Note Programme (the "MTN Programme") to the public on 21 April 2022. The programme is unconditionally and irrevocably guaranteed by CITIC Securities International Company Limited.

38 Short-term financing instruments payable

ISIN	Issue date	Maturity date	Coupon rate	Opening balance			Ending balance
				as at 1 January			as at 31
				2022	Increase	Repayment	December
				US\$'000	US\$'000	US\$'000	2022
							US\$'000
XS2537465481	22/09/2022	22/03/2023	3.9%	-	50,539	-	50,539
HK0000892692	25/11/2022	25/02/2023	-	-	99,175	-	99,175
HK0000898400	20/12/2022	20/03/2023	-	-	25,690	-	25,690
Total				<u>-</u>	<u>175,404</u>	<u>-</u>	<u>175,404</u>

As at 31 December 2022, short-term financing instruments payable are guaranteed notes under the MTN Programme.

As at 31 December 2022, there was no default related to any short-term financing instruments payable issued.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022**

39 Commitments

At 31 December 2022, the Group has financial commitments of US\$39,307,000 (2021: US\$47,441,000) arising from having partnership interests in various investment funds.

At 31 December 2022, the Group has no underwriting commitment (2021: US\$42,170,000) arising from underwriting and placing of securities business.

At 31 December 2022, the Group entered into securities borrowing arrangements with third parties under which it has securities borrowing and lending commitments. The Group had US\$1,011,800,000 (2021: US\$328,878,000) cash collaterals placed with securities lenders for its borrowing of equity securities of a total market value US\$1,385,890,000 (2021: US\$352,043,000) and US\$185,861,000 (2021: US\$116,052,000) cash collaterals received from securities borrowers for their borrowing of equity securities of a total market value US\$26,523,000 (2021: US\$99,154,000).

At 31 December 2022, the Group has unrecognised deferred bonus commitments of US\$32,572,000 (2021: US\$54,352,000) payable to staff subject to vesting periods, for at least 3 years in the future.

At 31 December 2022, the Group has unrecognised gratuity commitments of US\$2,835,000 (2021: US\$3,969,000) payable to staff subject to various vesting and claw back period conditions.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022

40 Related-party transactions

40.1 Balance sheet items

	Note	2022 US\$'000	2021 US\$'000
Right-of-use assets granted to the fellow subsidiaries		4,692	8,090
Derivative financial assets			
- parent company		1,095,843	1,205,725
- fellow subsidiaries		23,005	2,848
Amounts due from clients, brokers and clearing houses			
- parent company		561,826	3,771
- fellow subsidiaries		572,387	193,727
Other debtors, deposits and prepaid expenses			
- parent company		31	-
- fellow subsidiaries		4,118	1,611
- related companies		-	2,795
Other assets from fellow subsidiaries		6,930	-
Cash and cash equivalents placed in a bank related to the parent company		16,835	25,591
Cash held on behalf of customers placed in a bank related to the parent company		110,476	707,198
Financial asset at fair value through profit or loss to fellow subsidiaries		39,981	15,952
Financial asset at fair value through other comprehensive income to fellow subsidiaries		54,756	-
Financial liabilities at fair value through profit or loss			
- parent company		(2,581,026)	(2,411,186)
- fellow subsidiaries		-	(2,067)
Derivative financial liabilities			
- parent company		(744,270)	(998,568)
- fellow subsidiaries		(30,244)	-
Amount due to group companies			
- parent company	24	(125)	(125)
Amount due to clients, brokers and clearing houses			
- parent company		(2,224,859)	(3,236,990)
- fellow subsidiaries		(216)	(2)
Creditors and other accruals			
- parent company		(16,348)	-
- fellow subsidiaries		(1,808)	(4,796)
Long term borrowings from a fellow subsidiary	29	(498,413)	(996,583)
Short term borrowings from fellow subsidiaries	29	(799,995)	(1,560,160)
Lease liabilities from fellow subsidiaries		(5,176)	(8,388)
Private placement notes issued to parent company	36	(1,058,666)	(1,253,735)
Debt instrument issued		(42,260)	-

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

40 Related-party transactions (Continued)

40.2 Statement of comprehensive income items

	Note	2022 US\$'000	2021 US\$'000
Corporate advisory fee from:			
- parent company		-	8
- fellow subsidiaries		1,365	933
Brokerage commission from fellow subsidiaries		1	28
Other income from:			
- fellow subsidiaries	8	158	407
- related companies	8	7,411	10,464
Net trading income from fellow subsidiaries		5	-
Net interest income from:			
- parent company		4,137	-
- fellow subsidiaries		10,614	914
- related companies		(1)	(11)
Underwriting commission and placement fee and sponsorship income from:			
- parent company		7,200	-
- fellow subsidiaries		-	1,428
Employee benefit expenses paid to fellow subsidiaries		-	(21)
Brokerage commission expense			
- parent company		(8,760)	(8,814)
- fellow subsidiaries		-	(86)
Information services and communication expenses paid to fellow subsidiaries		(420)	(213)
Net settlement charges			
- parent company		-	(939)
- fellow subsidiaries		(2,215)	-
Other operating expenses paid to fellow subsidiaries		(7,126)	(3,039)
Finance costs:			
- parent company		(61,722)	(6,427)
- fellow subsidiaries		(50,970)	(28,768)

Note: The fee received and expenses paid are on terms mutually agreed.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

40 Related-party transactions (Continued)

40.3 Key management compensation

(a) Key management compensation

	2022	2021
	US\$'000	US\$'000
Salaries and other short-term employee benefits	18,420	19,154
Post-employment benefits	281	284
Termination benefits	6	-
Other long-term benefits	1,037	481
	<u>19,744</u>	<u>19,919</u>

(b) Loans advanced to key management

There are no loans, quasi-loans and other dealings, whether directly or indirectly, subsisted at the end of the year or at any time during the year, entered into by the Company or subsidiary undertaking of the Company in favour of directors of Company and of the holding company of the Company, controlled bodies corporate by and connected entities with such directors (2021: Nil).

(c) Other commitments

	2022	2021
	US\$'000	US\$'000
Unrecognised committed employee benefits	<u>3,742</u>	<u>2,445</u>

40.4 Co-investment arrangements in investment funds

In relation to the Group's investment funds business, the Group operates certain co-investment arrangements in some investment funds currently managed by the Group.

Under these arrangements, certain eligible staff are allowed to invest in these funds and the terms are defined in the respective funds' agreements. The directors consider the overall committed co-investments to be insignificant in terms of the respective size of funds under the Group's management.

The Group provides financial support in the form of a loan to those eligible staff up to a maximum of 50% of their committed amounts for investing in those funds. The loan is interest bearing. The eligible staff are required to fully repay the loan upon termination of employment. The loan is secured by the staff's respective fund investment. At 31 December 2022, the total amounts committed by the Group under these arrangements was US\$17,310,500 (2021: US\$17,320,500) and the total amounts utilised was US\$1,139,400 (2021: US\$4,654,000).

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

41 Directors' remuneration

Benefits and interests of directors disclosed pursuant to section 383 of the Hong Kong Company Ordinance (Cap.622G), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap 622G) is as follows:

	2022	2021
	US\$'000	US\$'000
Fees	-	-
Other emoluments:		
Salaries, bonuses, allowance and other non-cash benefits	5,611	3,695
Pension scheme contributions	64	43
Other long-term benefits	232	130
	<u>5,907</u>	<u>3,868</u>

Note: Other benefits include leave paid, insurance premium and club membership.

During the years ended 31 December 2022 and 2021, all emoluments paid were related to a person's services as a director, whether of the Company or its subsidiary undertaking. There were no emoluments paid to in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking.

During the year ended 31 December 2022, there was no payment made as compensation for the early termination of the appointment and no consideration was provided to third parties for making available directors' services (2021: Nil).

There were no significant transactions, arrangements and contracts in relation to the Group's business to which the 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 (2021: Nil).

There were no loans, quasi-loans and other dealings entered into by the Company or subsidiary undertaking of the Company in favour of directors of Company and of the holding company of the Company, controlled bodies corporate by and connected entities with such directors (2021: Nil).

42 Subsequent events

There have been no events subsequent to 31 December 2022 which require adjustment or disclosure in the financial statements in accordance with HKFRSs.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022

43 Balance Sheet of the Company

	2022 US\$'000	2021 US\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	1,712	132
Right-of-use assets	60,698	62,034
Investments in subsidiaries	2,441,887	1,697,246
Subordinated loan due from a subsidiary	128,239	128,260
Other assets	143	157
Deferred tax assets	358	144
Total non-current assets	<u>2,633,037</u>	<u>1,887,973</u>
CURRENT ASSETS		
Prepayments, deposits and other receivables	8,126	8,674
Loan due from subsidiaries	180,555	354,381
Due from subsidiaries	329,376	395,711
Cash and cash equivalents	8,596	11,762
Tax recoverable	1,958	251
Total current assets	<u>528,611</u>	<u>770,779</u>
CURRENT LIABILITIES		
Due to subsidiaries	203,825	27,652
Loan due to subsidiaries	138,091	327,949
Due to the parent company	125	125
Other payables and accruals	37,899	20,386
Interest-bearing bank borrowings	-	12,826
Private placement notes issued to the parent company	1,058,666	1,115,257
Lease Liabilities	12,253	58,017
Tax payable	1,626	1,375
Total current liabilities	<u>1,452,485</u>	<u>1,563,587</u>
NET CURRENT LIABILITIES	<u>(923,874)</u>	<u>(792,808)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u><u>1,709,163</u></u>	<u><u>1,095,165</u></u>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

43 Balance Sheet of the Company (Continued)

	2022 US\$'000	2021 US\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,709,163</u>	<u>1,095,165</u>
NON-CURRENT LIABILITIES		
Private placement notes issued to the parent company	-	138,478
Lease Liabilities	<u>46,351</u>	<u>-</u>
Total non-current liabilities	<u>46,351</u>	<u>138,478</u>
Net assets	<u>1,662,812</u>	<u>956,687</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	839,059	839,059
Other reserves (Note (a))	<u>823,753</u>	<u>117,628</u>
Total equity	<u>1,662,812</u>	<u>956,687</u>

The balance sheet of the Company was approved by the Board of Directors on 16 March 2023 and was signed on its behalf

Director

Director

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

43 Balance Sheet of the Company (Continued)

Note (a): Reserve movement of the Company

	Other reserves US\$'000
At 1 January 2021	119,938
Profit for the year	3,211
Effect of change in foreign exchange rate	(5,521)
	<hr/>
At 31 December 2021	117,628
Profit for the year	701,830
Effect of change in foreign exchange rate	4,295
	<hr/>
At 31 December 2022	<u>823,753</u>

44 Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Directors on 16 March 2023.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

CONTENTS	Pages
REPORT OF THE DIRECTORS	1 – 4
INDEPENDENT AUDITOR'S REPORT	5 – 7
AUDITED CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated statement of comprehensive income	8 – 9
Consolidated balance sheet	10 – 12
Consolidated statement of cash flows	13 – 14
Consolidated statement of changes in equity	15 – 16
Notes to consolidated financial statements	17 – 133

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors submit their report together with the audited consolidated financial statements of CITIC Securities International Company Limited (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 December 2021.

Principal activities

The principal activities of the Company are investment holding and the provision of general administration and support services to its subsidiaries. The principal activities of the subsidiaries comprise the businesses of investment banking, securities brokerage, asset management, investment and trading of securities and direct investments. The principal activities and other particulars of the principal subsidiaries are set out in Note 20 to the consolidated financial statements.

Results and dividends

The Group's profit for the year ended 31 December 2021 and the state of affairs of the Group and the Company at that date are set out in the consolidated financial statements on pages 8 to 133.

The directors do not recommend the payment of dividend in respect of the year.

Share capital

There were no movements in the Company's share capital during the year.

Charitable contributions

During the year, the Group made charitable contributions totalling US\$460,000 (2020: US\$3,000).

Directors

(a) Directors of the Company

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

Mr. ZHANG Youjun, Chairman
Mr. LI Chunbo
Mr. YU Yang
Mr. XU Jianqiang

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

REPORT OF THE DIRECTORS (Continued)

The Board confirmed that nothing relating to the affairs of the Group needed to be brought to the attention of the shareholders of the Group.

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

(b) Directors of the Company's subsidiaries

The names of Directors who have served on the Boards of the Company's subsidiaries during the year and up to the date of this report were:

Alan Damian DWERRYHOUSE	Fooi Hin LIM	Ma. Martha A. de DIOS
Alexander Eugene DIDENKOWSKI	Ganesh Purushottam TAJAVE	Marc KOEUNE
Alfred O. DY	Geerts Jan HEBELS	Marie Rosy Priscilla PATTOO
Allen G SING*	Geok Lan TAY	Megumi KIYOZUKA
Angus Hamilton MCGEOCH	George Edward Hamlyn BASHFORTH	Michael FROST
Ansoon YOO	Gonzalo JALLES	Michel SNOEK*
Baifeng HU	Hang Li	Morten PAULSEN
Bao Huynh NGUYEN	Heng Foo Bernard YONG	Ning SHANG
Bo Eun CHANG	Huiying LIN*	NSM Limited
Camille Bautista LAGUDA*	Hyein JUN*	Nuntana TAVEERATANASILP
Charles WHITTLE	Jae Min KIM	Oliver MATTHEW
Charles Anthony WHITTLE*	Jeremy David COLLARD	OSM Limited
Chi Chuen CHAN	Jianqiang XU	Patrick FLATON
Chi Yeung YUNG	Jiong Li	Peitao SUN
Chia Huan LEE	Jong Min KIM	Peter Jae Sun MIN
Chirag KAKARIYA	Kaneyalall HAWABHAY	Philippe BREDEL
Chun ZHENG	Kazunari OHASHI	Ping Lun Alan FAN
Chunbo Li	Kin Ki CHIU	Po Ki LEE
Chung Keat Eric TAN	Kit Yng LIM	Pradeep Venkatraman HEGDE
Clarissa Oben EVANGELISTA	Li Jian TAN	Qi LIANG
CLSACP Holdings Ltd.	Liang LIU	Qian QIN
Dae Wook KWON*	Liang SHI	Ramon G. Opulencia
Damon Manchun YIP*	Lianne Gervacio dela Paz	Raymond Hing Luen TAM
Daniel Thian Liong OEN	Lim Sutjianto SJARIFUDIN	Richard Eric Marshall FISCHER
Dayu ZHANG	Lin YANG	Richard Paul ZIEGLER
Edward PARK		

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

REPORT OF THE DIRECTORS (Continued)

Rohit BHATTACHARJEE	Simon COWEN	Xinguo LIU
Ruby Margaret Tan LAO	SNG Wei Jun Jeremy	Yang YU
Rui Wang	Sonal JAIN	Yao MA
Sang-soo HA	Ting WANG	Yeu Liong CHONG
Sanjay Premchand SHAH*	Vaibhav Vishnudas TOTLA	Yi SUN
Sarath Kalyan Venkata Narasimha PENDYALA*	Vishal Suryakant PATEL	Ying ZHENG
Sharmila CHAKOWA	Wei JIA	Ying Yeung HUNG
Shaun Donald COCHRAN	Weiwei CHEN	Yingguang ZOU
Shon Kee Kenneth LEE*	William Charles HOLUB	Yiu Wa CHENG
Shu FENG	Wing CHOW	Yongjin LI
Shu Sum CHUNG*	Xiaodong LIN	Youjun ZHANG
Simon Christopher HEMPEL	Xingnong TIAN	Zheng ZHANG

* He/She has resigned/ceased as a Director of the relevant subsidiary(ies) of the Company.

Business review

No business review is presented for the year ended 31 December 2021 as the Group has been able to claim an exemption under section 388(3) of the Companies Ordinance Cap. 622 since it is a wholly owned subsidiary of CITIC Securities Company Limited.

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 holding company, its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Company's directors to hold any interests in shares or debentures of the Company or any other body corporate.

Directors' material interests in transactions, arrangements and contracts

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

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

Permitted indemnity provisions

During the financial year and up to the date of this Directors' Report, there was and is, a permitted indemnity provision in the articles of association of the Company being in force for the benefit of the directors of the Company. The Company has also maintained for the directors insurance against certain liabilities in relation to the Company and its associated companies. The coverage and the sum insured under the policy are reviewed annually.

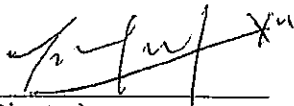
CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

REPORT OF THE DIRECTORS (Continued)

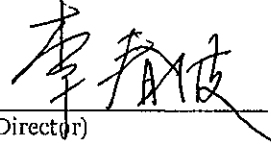
Auditor

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

ON BEHALF OF THE BOARD



(Director)



(Director)

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CITIC SECURITIES INTERNATIONAL COMPANY LIMITED
(incorporated in Hong Kong with limited liability)**

Opinion

What we have audited

The consolidated financial statements of CITIC Securities International Company Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 8 to 133, comprise:

- the consolidated balance sheet as at 31 December 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CITIC SECURITIES INTERNATIONAL COMPANY LIMITED
(CONTINUED)
(incorporated in Hong Kong with limited liability)**

Other Information (Continued)

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.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

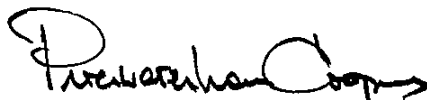


**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CITIC SECURITIES INTERNATIONAL COMPANY LIMITED
(CONTINUED)
(incorporated in Hong Kong with limited liability)**

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
(Continued)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2022

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 US\$'000	2020 US\$'000
Brokerage commission	5	416,925	372,435
Research fee income		27,221	25,261
Net trading income	6	542,714	270,291
Underwriting and placing commission and sponsorship income		156,876	141,224
Corporate advisory and asset management fees		58,046	50,063
Interest income	7	106,672	114,780
Other income	8	21,784	78,542
Total operating income		<u>1,330,238</u>	<u>1,052,596</u>
Employee benefits expenses	9	(404,715)	(379,278)
Brokerage commission expenses		(159,453)	(62,506)
Finance costs	10	(137,280)	(126,746)
Rebates and introduction fees		(46,179)	(38,598)
Information services and communication expenses		(59,619)	(59,067)
Net settlement charges		(40,465)	(42,089)
Other operating expenses	11	(326,027)	(123,434)
Gain on acquisition of subsidiaries		-	2,046
Net impairment (losses) / gains	3.1(b)	(23,989)	5,744
Total operating expenses		<u>(1,197,727)</u>	<u>(823,928)</u>
Operating profit		132,511	228,668
Share of gains / (losses) of joint ventures	18	5,855	(738)
Share of losses of associates	19	(799)	(8,984)
Profit before tax		<u>137,567</u>	<u>218,946</u>
Tax expense	12	(33,642)	(100,187)
Profit for the year		<u>103,925</u>	<u>118,759</u>

The accompanying notes are an integral part of these consolidated financial statements.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
YEAR ENDED 31 DECEMBER 2021

	Notes	2021 US\$'000	2020 US\$'000
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of debt instruments at fair value through other comprehensive income	21	14,359	(186)
Net fair value gain of interest rate swap hedge		3,094	1,198
Share of other comprehensive income of associates		-	(172)
Foreign exchange translation differences		(16,729)	296
<i>Items that will not be reclassified to profit or loss</i>			
Foreign exchange translation differences	40	(5,521)	4,265
Remeasurements of defined benefit plan obligations, net of tax		(221)	(358)
Changes in the fair value of equity investments designated at fair value through other comprehensive income	21	(4,185)	(4,164)
Total other comprehensive (loss) / income, net of tax		<u>(9,203)</u>	<u>879</u>
Total comprehensive income for the year		<u>94,722</u>	<u>119,638</u>
Profit attributable to:			
Equity holders of the Company		101,283	116,944
Non-controlling interests		2,642	1,815
		<u>103,925</u>	<u>118,759</u>
Total comprehensive income attributable to:			
Equity holders of the Company		92,155	117,891
Non-controlling interests		2,567	1,747
		<u>94,722</u>	<u>119,638</u>

The accompanying notes are an integral part of these consolidated financial statements.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

CONSOLIDATED BALANCE SHEET

31 DECEMBER 2021

	Notes	2021 US\$'000	2020 US\$'000
ASSETS			
Non-current assets			
Intangible assets	14	148,852	395,287
Property, plant and equipment	15	23,211	27,773
Right-of-use assets	16	86,561	100,577
Investment properties	17	32,179	36,539
Investments in joint ventures	18	6,101	8,887
Investments in associates	19	243,646	272,032
Other assets		37,855	42,958
Financial assets at fair value through profit or loss	22	81,390	115,586
Financial assets at fair value through other comprehensive income	21	21,086	25,272
Reverse repurchase agreements	30	112,748	181,431
Deferred tax assets	33	38,733	14,617
		<u>832,362</u>	<u>1,220,959</u>
Current assets			
Intangible assets	14	271	271
Tax recoverable		91,331	8,899
Financial assets at fair value through profit or loss	22	19,250,116	17,964,127
Financial assets at fair value through other comprehensive income	21	185,332	175,124
Derivative financial instruments	23	2,437,222	1,611,004
Amounts due from clients, brokers and clearing houses	25	5,293,022	5,916,517
Reverse repurchase agreements	30	74,522	433,576
Cash collateral advanced for securities borrowing		220,188	14,820
Other debtors, deposits and prepaid expenses		91,243	97,169
Cash held on behalf of customers	27	1,676,529	1,661,936
Cash and bank balances	26	2,436,747	1,244,580
		<u>31,756,523</u>	<u>29,128,023</u>
Total assets		<u><u>32,588,885</u></u>	<u><u>30,348,982</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 DECEMBER 2021

	Notes	2021 US\$'000	2020 US\$'000
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	31	839,059	839,059
Retained earnings		615,809	514,455
Other reserves		(71,261)	(61,819)
		<u>1,383,607</u>	<u>1,291,695</u>
Non-controlling interests		7,635	7,967
		<u>1,391,242</u>	<u>1,299,662</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	33	12,512	79,857
Bonus payables		21,254	19,422
Creditors and other accruals		8,876	8,345
Repurchase agreements	30	215,358	111,948
Private placement notes issued to the ultimate holding company	35	138,478	334,786
Lease liabilities	16	61,375	81,323
Long term borrowings from a fellow subsidiary	29	996,583	994,285
Bank borrowings	28	-	48,986
		<u>1,454,436</u>	<u>1,678,952</u>
Current liabilities			
Financial liabilities at fair value through profit or loss	22	7,115,823	5,554,833
Derivative financial instruments	23	2,072,880	4,339,094
Amounts due to the ultimate holding company	24	125	126
Amounts due to clients, brokers and clearing houses	25	11,181,166	9,821,597
Bank borrowings	28	1,135,542	764,570
Short term borrowings from fellow subsidiaries	29	1,560,160	746,057
Repurchase agreements	30	5,206,285	4,945,382
Lease liabilities	16	30,207	26,433
Private placement notes issued to the ultimate holding company	35	1,115,257	924,016
Creditors and other accruals		74,258	84,034
Bonus payables		140,781	111,821
Tax payable		110,723	52,405
		<u>29,743,207</u>	<u>27,370,368</u>
Total liabilities		<u>31,197,643</u>	<u>29,049,320</u>
Total equity and liabilities		<u>32,588,885</u>	<u>30,348,982</u>

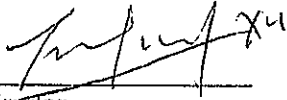
The accompanying notes are an integral part of these consolidated financial statements.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

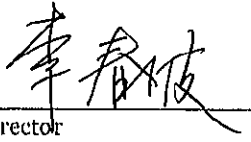
CONSOLIDATED BALANCE SHEET (CONTINUED)

31 DECEMBER 2021

The financial statements on pages 8 to 133 were approved by the Board of Directors on 28 March 2022 and were signed on its behalf.



Director



Director

The accompanying notes are an integral part of these consolidated financial statements.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021	2020
		US\$'000	US\$'000
Cash flows from operating activities			
Cash generated from / (used in) operations	34.1	247,056	(679,059)
Interest received		110,978	119,277
Interest paid		(132,207)	(120,937)
Taxes paid		(149,814)	(20,539)
		<hr/>	<hr/>
Net cash flow generated from / (used in) operating activities		76,013	(701,258)
		-----	-----
Cash flows from investing activities			
Purchase of intangible assets		(698)	(880)
Purchase of property, plant and equipment		(7,747)	(4,958)
Increase in membership related deposits on stock and futures exchanges		-	(16,882)
Proceeds from disposal of property, plant and equipment		1	58
Proceeds from disposal of investment properties		12,084	8,251
Capital injection in associates		(15,436)	(13,405)
Proceeds from return of capital from associates		13,681	19,025
Proceeds from return of capital from joint ventures		8,063	135
Dividends received from associates		3,905	3,714
Proceeds from disposal of an associate		24,734	18,912
Net cash inflow in respect of acquisition of subsidiaries/additional equity interest in subsidiaries		-	6,174
		<hr/>	<hr/>
Net cash flow generated from investing activities		38,587	20,144
		-----	-----
Cash flows from financing activities			
Dividends/ distributions paid to non-controlling shareholders in subsidiaries		(2,809)	(720)
Capital distribution to non-controlling shareholders in subsidiaries		-	(8,362)
Lease payments			
- Capital elements		(29,660)	(26,400)
- Interest elements		(3,573)	(5,648)
Net borrowings from fellow subsidiaries		817,282	1,361,625
Proceeds from bank borrowings		791,236	4,614
Repayments of bank borrowings		(469,208)	(302,655)
		<hr/>	<hr/>
Net cash flow generated from financing activities		1,103,268	1,022,454
		-----	-----

The accompanying notes are an integral part of these consolidated financial statements.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 US\$'000	2020 US\$'000
Net increase in cash and cash equivalents		1,217,868	341,340
Cash and cash equivalents at the beginning of the year		1,244,529	895,248
Effect of changes in foreign exchange rates		<u>(25,659)</u>	<u>7,941</u>
Cash and cash equivalents at the end of the year	34.2	<u><u>2,436,738</u></u>	<u><u>1,244,529</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2021**

	Attributable to the Group's equity holders							Total US\$'000
	Other reserves						Non- controlling Interest US\$'000	
	Share capital US\$'000	Retained Earnings US\$'000	Regulatory reserves US\$'000	Capital and other reserve US\$'000	Revaluation reserve US\$'000	Foreign exchange translation reserve US\$'000		
Balance at 1 January 2021	839,059	514,455	3,162	10,602	(27,868)	(47,715)	7,967	1,299,662
Profit after taxation for the year	-	101,283	-	-	-	-	2,642	103,925
Other comprehensive income	-	-	-	(203)	13,268	(22,193)	(75)	(9,203)
Total comprehensive income	-	101,283	-	(203)	13,268	(22,193)	2,567	94,722
Transfer between reserves (Note 32)	-	71	(71)	-	-	-	-	-
Dividends provided for or paid	-	-	-	-	-	-	(2,809)	(2,809)
Changes in ownership without change of control	-	-	-	(243)	-	-	(90)	(333)
Transactions recognised directly in equity	-	71	(71)	(243)	-	-	(2,899)	(3,142)
Balance at 31 December 2021	839,059	615,809	3,091	10,156	(14,600)	(69,908)	7,635	1,391,242

The accompanying notes are an integral part of these consolidated financial statements.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
YEAR ENDED 31 DECEMBER 2021

	Attributable to the Group's equity holders							Total US\$'000
	Share capital US\$'000	Retained Earnings US\$'000	Regulatory reserves US\$'000	Capital and other reserve US\$'000	Revaluation reserve US\$'000	Foreign exchange translation reserve US\$'000	Non- controlling Interest US\$'000	
Balance at 1 January 2020	839,059	397,975	2,698	10,935	(24,716)	(52,327)	15,188	1,188,812
Profit after taxation for the year	-	116,944	-	-	-	-	1,815	118,759
Other comprehensive income	-	-	-	(513)	(3,152)	4,612	(68)	879
Total comprehensive income	-	116,944	-	(513)	(3,152)	4,612	1,747	119,638
Transfer between reserves (Note 32)	-	(464)	464	-	-	-	-	-
Capital distributed to minority shareholders	-	-	-	-	-	-	(8,362)	(8,362)
Dividends provided for or paid	-	-	-	-	-	-	(720)	(720)
Changes in ownership without change of control	-	-	-	180	-	-	114	294
Transactions recognised directly in equity	-	(464)	464	180	-	-	(8,968)	(8,788)
Balance at 31 December 2020	839,059	514,455	3,162	10,602	(27,868)	(47,715)	7,967	1,299,662

The accompanying notes are an integral part of these consolidated financial statements.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

1 General information

CITIC Securities International Company Limited (the "Company") is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") provide equities, futures and derivatives brokerage, research, underwriting, investment banking, advisory services, investment and trading of securities and fund management, principally in the Asia and the U.S. markets.

In the opinion of the directors, the immediate and ultimate holding company of the Company is CITIC Securities Company Limited, which is incorporated in the People's Republic of China and is listed on the Shanghai Stock Exchange (Stock code: 600030) and the Hong Kong Stock Exchange (Stock code: 6030).

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and the requirements of the Hong Kong Companies Ordinance Cap.622.

(b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) – measured at fair value or revalued amount
- Assets held for sale – measured at the lower of carrying amount and fair value less cost to sell, and
- Defined benefit pension plans – plan assets measured at fair value.

(c) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 – amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16

The Company has adopted amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 as issued in August 2020. In accordance with the transition provisions, the amendments have been adopted retrospectively to hedging relationships and financial instruments.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

2.1 Basis of preparation (Continued)

(c) New and amended standards adopted by the Group (Continued)

The majority of Group's IBOR referenced exposures are in USD LIBOR 3 month tenor. The Group's is expected to gradually derisk such exposure before its publication cessation date 30 Jun 2023.

The amendments above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(d) New standards 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 2021 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 Group in the current or future reporting periods and on foreseeable future transactions.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

2 Summary of significant accounting policies (Continued)

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

For business combinations that are not under common control, the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

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 using uniform accounting policies for like transactions and other events in similar circumstances.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

2 Summary of significant accounting policies (Continued)

2.2 Consolidation (Continued)

(c) Investments in associates and joint ventures

Associates are all entities over which the group has significant influence but not control or joint control.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures are included in the consolidated statement of comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount to share of profit of investments accounted for using equity method in the consolidated statement of comprehensive income.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is Hong Kong dollars. As the Group operates internationally, management considers that it is more appropriate to use US\$, a globally recognised currency, as the presentation currency for the Group's consolidated financial statements. For the entity whose functional currency is not US\$, its results and financial position have been translated into US\$.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

2 Summary of significant accounting policies (Continued)

2.3 Foreign currency translation (Continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation when items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are generally recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

(c) Group companies

The results and financial position of all the Group companies (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

2 Summary of significant accounting policies (Continued)

2.4 Property, plant and equipment

Property, plant and equipment, comprising leasehold improvements, computer hardware and software, furniture and fittings, telecommunication equipment and motor vehicles, are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in profit or loss during the financial year in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Shorter of remaining lease terms and useful lives
Computer hardware and software	3 - 5 years
Furniture and fittings	5 years
Telecommunication equipment	5 years
Motor vehicles	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.5 Investment properties

Investment properties comprise real estate properties for the purpose of earning rental income and/or for capital appreciation, including buildings that have been leased out.

The Group's investment properties are accounted for using the cost model. The initial recognition and subsequent measurement of buildings and properties that are leased out are calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives of 35 years.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

2 Summary of significant accounting policies (Continued)

2.6 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at each reporting date. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating units (or groups of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or groups of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

(b) Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

2 Summary of significant accounting policies (Continued)

2.7 Impairment of non-financial assets

Non-financial assets have an indefinite useful life are not subject to amortisation, and are tested for impairment periodically. Non-financial assets are reviewed 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 to sell and value in use. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

2.8 Financial assets and liabilities

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance ("ECL") is recognised for financial assets measured at amortised cost and investments in debt instruments measured at fair value through other comprehensive income, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

2.8.1 Financial assets

Classification and subsequent measurement

The Group classifies financial assets on the basis of the Group's business model for managing the assets and the cash flow characteristics of the assets:

- (i) Amortized cost;
- (ii) Fair value through other comprehensive income ("FVOCI"); or
- (iii) Fair value through profit or loss ("FVTPL").

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

2 Summary of significant accounting policies (Continued)

2.8 Financial assets and liabilities (Continued)

2.8.1 Financial assets (Continued)

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability, such as loans, government and corporate bonds.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest (“SPPI”), and that are not designated at FVTPL, are measured at amortized cost. The carrying amount of these assets is adjusted by an expected credit loss allowance recognized and measured as described in note 3.1(b). Interest income from these financial assets is calculated using the effective interest rate method.

FVOCI: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets’ cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gain or losses, interest income and foreign exchange gain and losses on the instrument’s amortized cost which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in “net trading income”. Interest income from these financial assets is calculated using the effective interest rate method.

FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relation is recognized in profit or loss and presented within net trading income in the period in which it arises. Interest income from these financial assets calculated based on coupon rates is presented within net trading income.

Business model: The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether either Group’s objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of other business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset’s performance is evaluated and reported to key management personnel, how risks are assessed and managed and how manager are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flow or to collect contractual cash flow and sell, the Group assesses whether the financial instruments’ the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial assets is classified and measure at fair value through profit or loss.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

2 Summary of significant accounting policies (Continued)

2.8 Financial assets and liabilities (Continued)

2.8.1 Financial assets (Continued)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be every infrequent and none occurred during the period.

Equity instruments

Equity instrument are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment a fair value through other comprehensive income. The Group's policy is to designate an equity investment as FVOCI when those investments are held for purposes other than to generate investment returns. There is no subsequent reclassification of fair value gains and losses to profit or loss following derecognition of equity movements designated at FVOCI. Impairment losses (and reversal of impairment losses) on such investments are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as net trading income when the Group's right to receive payment is established.

Gains and losses on equity investment at FVTPL are recognized in profit or loss and presented in net trading income.

Financial assets are classified as a non-current asset or liability when the amount expected to be recovered or settled is more than 12 months; it is classified as a current asset or liability when the amount expected to be recovered or settled is less than 12 months.

Impairment

The Group assess on a forward-looking basis the ECL associated with its debt instrument assets carried at amortized cost and FVOCI and with the exposure arising from loan commitments. The Group recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current condition and forecasts of future economic conditions

Note 3.1(b) provides more detail of how the expected credit loss allowance is measured.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

2 Summary of significant accounting policies (Continued)

2.8 Financial assets and liabilities (Continued)

2.8.2 Financial liabilities

Classification and measurement

Financial liabilities are classified as subsequently measured at amortized cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attribute to change in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition or when the continuing involvement approach applies. When the transfer of financial assets did not qualify for derecognition, a financial liability is recognized for the consideration received for the transfer. In subsequent period, the Group recognizes any expense incurred on the financial liability when continuing involvement approach applies.

The Group's financial liabilities include creditors and other accruals, amounts due to clients, brokers and clearing houses, derivative financial instruments, borrowing from fellow subsidiaries, amounts due to the ultimate holding company, bank borrowings, repurchase agreements, financial liabilities at fair value through profit or loss, interest-bearing bank borrowings, private placement notes issued to the ultimate holding company.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

2 Summary of significant accounting policies (Continued)

2.9 Derivative financial instruments and hedging activities

Initial recognition and subsequent measurement

The Group uses certain derivative financial instruments to hedge interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged, where the Group hedges net investment in foreign operations and designates certain derivatives hedges of investments in foreign operations as net investment hedges.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

(a) Net investment hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as net investment hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of comprehensive income.

Gains and losses accumulated in equity are included in the consolidated statement of comprehensive income when the foreign operation is partially disposed of or sold.

(b) Derivatives that do not qualify for hedge accounting

Certain derivative financial instruments do not qualify for hedge accounting and are accounted for at fair value through profit or loss and classified as held for trading. Changes in the fair value of these derivative financial instruments that do not qualify for hedge accounting are recognised immediately in profit or loss.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

2 Summary of significant accounting policies (Continued)

2.10 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.11 Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Group retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognised in the consolidated balance sheet as an asset with a corresponding obligation to return it, including accrued interest as a liability, reflecting the transaction's economic substance as a loan to the Group.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, reflecting the transaction's economic substance as a loan by the Group.

Repurchase and reverse repurchase agreements are classified as a non-current asset or liability when the amount expected to be recovered or settled is more than 12 months; it is classified as a current asset or liability when the amount expected to be recovered or settled is less than 12 months.

2.12 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalent include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, short-term borrowings including bank overdrafts which are subject to an insignificant risk of changes in value. In the consolidated balance sheet, bank overdrafts are shown within bank borrowings in current liabilities on the consolidated balance sheet.

2.13 Cash collateral advanced for securities borrowing

Cash collateral advanced in respect of securities borrowed is included in current assets. The securities borrowed are treated as off balance sheet items and the underlying commitments are disclosed in note 36 to the consolidated financial statements.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2021

2 Summary of significant accounting policies (Continued)

2.14 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised directly in equity.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries, associates and jointly controlled entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and consider whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred tax is recognised, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

2 Summary of significant accounting policies (Continued)

2.15 Employee benefits

(a) Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the operating profits of the Group after certain adjustments and any further amounts agreed by the Management.

Deferred bonus expense has been recognised for the period of service the staff rendered in the current year over the vesting period of each committed bonus pool. The deferred cash discretionary bonus is subject to various vesting conditions and claw-back periods.

(b) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the reporting date.

(c) Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of services and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

2 Summary of significant accounting policies (Continued)

2.15 Employee benefits (Continued)

(c) Pension obligations (Continued)

The current service cost of the defined benefit plan, recognised in profit or loss in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(d) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2021

2 Summary of significant accounting policies (Continued)

2.16 Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.17 Revenue recognition

Revenue is recognised in the consolidated statement of comprehensive income on the following basis:

- (i) commission income for dealing in broking, futures and options business is recognised when the underlying transaction is executed;
- (ii) Commission income from underwriting and placing of securities within the scope of HKFRS 15 generally consists of one performance obligation and recognised at a point in time when the underwriting and placing arrangements are completed. Sponsorship income within the scope of HKFRS 15 generally consists of one performance obligation and recognised over time as there is enforceable right to payment to the Group for performance of services completed up to date and by stage of completion to the agreements;
- (iii) fees and commission income from research, consultancy and advisory services are recognised in the accounting period in which the services have been rendered, net of an appropriate allowance for related costs, which are customarily associated with the provision of such services;
- (iv) interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset;
- (v) dividend income is recognised when the shareholders' right to receive payment has been established;
- (vi) handling income, trade processing fee and other service income are recognised when the services have been rendered;

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

2 Summary of significant accounting policies (Continued)

2.17 Revenue recognition (Continued)

Revenue is recognised in the consolidated income statement on the following basis: (Continued)

- (vii) fee income from asset management is recognised when the related services are rendered; carried interest income is recognised only to the extent that it is highly probable that such an inclusion will not result in a significant reversal in the future when the uncertainty associated is subsequently resolved. The measurement of carried interest income is based on the crystallisation of the Group's entitlement to receive such income and an assessment of the likelihood of any "clawback" provisions; and
- (viii) net gains/losses on financial assets and liabilities at fair value through profit or loss include realised gains/losses which are recognised on the trade dates; and unrealised fair value gains/losses which are recognised in the period in which they arise.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

2 Summary of significant accounting policies (Continued)

2.18 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

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.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

2 Summary of significant accounting policies (Continued)

2.18 Leases (Continued)

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. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (Note 16). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

2.19 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2021

2 Summary of significant accounting policies (Continued)

2.21 Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (ii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies: the entity and the Group are members of the same group; one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (i) the entity and the Group are joint ventures of the same third party;
 - (ii) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (iii) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (iv) the entity is controlled or jointly controlled by a person identified in (a); and
 - (v) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.22 Share capital

Ordinary shares are classified as equity.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Financial risk management is oversighted overall by the Group's Risk Management Committee ("RC") which comprises Chief Risk Officer, Chief Financial Officer, Group Head of FICC, Group Head of EQD, Deputy Head of Legal and Compliance, Head of Legal, CEO of Institutional Equities and Head of Treasury. Financial risk is managed by the risk management department, which identifies, evaluates and reports financial risks. Risk management is also in close co-operation with the Group's operating units and other group committees and issues guidelines and policies for overall financial risk management and risk exposure limits.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk

Market risk is the risk of loss arising from movements in observable market variables such as foreign exchange rates, equity and commodity prices, credit spread and interest rates. The Group is exposed to market risk primarily through its investment holdings and trading activities. The Group's investment policy is to invest in all funds managed by the Group in a manner which will satisfy liquidity requirements, safeguard financial assets and manage risks while optimising returns on investments.

Market risks primarily include equity price risk, foreign exchange rate risk, commodity price risk, credit spread risk and interest rate risk. Foreign exchange rate risk represents exposures arising from changes in non-functional currency rates. Equity price risk arises from fluctuation in the price and volatility of equities such as stocks, equity and stock index portfolio. Commodity price risk arises from fluctuation in the price and volatility of commodities, such as crude oil, gold etc. Credit spread risk arises from movements of credit spread in risky bonds. Interest rate risk primarily arises from movements in the yield curve of riskless bonds, such as treasury bonds.

Investment portfolios

The Group uses a variety of complementary tools to measure, model and aggregate market risk. The market risk for the investment portfolio that is carried at fair value (which includes financial assets/liabilities held for trading and derivatives) is mainly managed and monitored based on a Value-at-Risk (VaR) methodology which reflects the potential losses due to movements of risk factors including the changes in the interdependency between risk variables. Market risk is monitored against a set of approved limits, with daily reports and other management information provided to the business units and senior management.

Management uses VaR and other approved limits including stop loss, exposure (based on credit ratings), concentration, delta, IR DVO1 and Spread DVO1 to monitor the market risk of investment portfolio. Besides, the Group manages the market risk exposures of the financial instruments through actively monitoring their positions and movements in relevant market risk variables. If any excessive exposures to market risk are perceived, management would take steps to adjust the relative quantum of its investments or taking out suitable hedging arrangement.

Objectives and limitations of VaR methodology

VaR is used for estimating the potential losses that could occur on positions taken due to movements in market rates and prices over a specified time horizon given a level of confidence.

All possible factors will be considered in VaR calculation. To compensate the limitation of VaR, stress test by projecting the effects of past distressed incidents will be performed. Additionally, issuers' specific risks are monitored and managed daily by management based on the approved exposure limits as mentioned above.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

VaR assumptions

The VaR is calculated using Monte Carlo method, based on the following assumptions:

- at a 95 per cent confidence level,
- on a 1-day holding period basis,

Total VaR at the end of period is US\$7,863,706 (2020: US\$2,831,829).

The table below illustrates, by major risk category, the VaR at the end of reporting period:

	2021	2020
	US\$	US\$
Equity risk	2,643,050	969,248
Foreign exchange risk	4,838,080	2,542,978
Interest rate risk	4,932,891	1,895,588
Vega risk	3,199,157	1,158,174
Commodity risk	124,112	60,587
Total VaR *	7,863,706	2,831,829

- * The total VaR figure shown for the Group as a whole is less than the arithmetic sum of the individual risk categories due to the effects of diversification.

Back-testing

To evaluate the usefulness and validity, the calculated VaR is back tested against actual profit and loss figures. Actual profit and loss is defined as the change in market value of the trading portfolio in past trading days.

The VaR calculated based on the assumptions adopted is compared against actual profit and loss figures of current day. Theoretically, there is 5% of the time (i.e. 1 out of 20 times) that the actual profit and loss will exceed the VaR calculated if 95% confidence level is adopted.

Back testing is carried out on a daily basis (2020: daily basis) such that any abnormal behaviour of the model can be addressed accordingly. Back-testing result falls in green zone with no exception observed during the year.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States dollar. Foreign exchange risk arises from fluctuations in exchange rates of non-domestic currency rates.

The management sets guidelines on the level of net exposure by currency. Treasury personnel in the Group's Finance Department are responsible for monitoring and managing the net position exposure in each foreign currency on a daily basis by (a) using forward foreign exchange contracts and (b) converting excess amounts of foreign currencies into the United States dollar.

Sensitivity

The tables below indicate a sensitivity analysis of exchange rate changes of the currencies to which the Group had significant exposure. The analysis calculates the effect of a reasonably possible movement in the currency rate against the functional currency of each entity within the group, with all other variables held constant, on equity.

Foreign currency	Assumed change in exchange rates	Estimated Impact on Profit or loss		Estimated Impact on Equity	
		2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
<u>As at 31 December</u>					
Australian dollar	+5%	274	220	821	816
Indian rupee	+5%	19	85	4,569	4,674
Indonesian rupee	+5%	228	172	2,164	1,988
Japanese yen	+5%	177	605	3,035	2,699
Korean won	+5%	154	72	3,858	3,961
Malaysian ringgit	+5%	17	2	691	748
Philippines peso	+5%	26	(1)	877	825
Renminbi	+5%	6,371	3,853	5,568	3,100
Singaporean dollar	+5%	(74)	(84)	(74)	(84)
Sterling	+5%	(1,158)	-	1,909	1,509
Thai baht	+5%	36	(105)	2,775	2,880
		<u>6,070</u>	<u>4,819</u>	<u>26,193</u>	<u>23,116</u>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk

The Group's exposure to interest rate risk mainly arises from amounts due from clients, brokers and clearing house, cash and bank balances, cash held on behalf of customers, interest-bearing bank borrowings and borrowings from fellow subsidiaries, private placements notes issued to the ultimate holding company, and debt instruments classified as FVTPL or FVOCI.

The following table demonstrates the sensitivity of the Group's equity and post-tax profit for the period to a reasonably possible change in interest rates, with all other variable held constant. The sensitivity analysis is based on the Group's majority of interest bearing financial assets and liabilities held at the end of the reporting period.

	Net exposure	Changes in interest rate (basis point)	Estimated Impact on post-tax profit	Estimated Impact on other components of equity
	US\$'000		US\$'000	US\$'000
At 31 December 2021				
Amounts due from clients, brokers and clearing house	5,293,022	+100	52,930	-
Cash and bank balances	2,436,747	+100	24,367	-
Cash held on behalf of customers	1,676,529	+100	16,765	-
Private placement notes issued to the ultimate holding company	(333,434)	+100	(3,334)	-
Bank borrowings	(1,135,542)	+100	(11,355)	-
Long term borrowings from fellow subsidiaries	(996,583)	+100	(9,966)	-
Short term borrowings from fellow subsidiaries	(1,560,160)	+100	(15,602)	-
Debt instruments classified as FVOCI	185,332	+100	-	1,853
Debt instruments classified as FVTPL	3,984,364	+100	39,844	-
At 31 December 2020				
Amounts due from clients, brokers and clearing house	5,916,517	+100	59,165	-
Cash and bank balances	1,244,580	+100	12,446	-
Cash held on behalf of customers	1,661,936	+100	16,619	-
Private placement notes issued to the ultimate holding company	(334,786)	+100	(3,348)	-
Bank borrowings	(813,556)	+100	(8,136)	-
Long term borrowings from fellow subsidiaries	(994,285)	+100	(9,943)	-
Short term borrowings from fellow subsidiaries	(746,057)	+100	(7,461)	-
Debt instruments classified as FVOCI	175,124	+100	-	1,751
Debt instruments classified as FVTPL	3,821,313	+100	38,213	-

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk (Continued)

In practice, the actual results may differ from the above sensitivity analysis and the difference could be significant.

The Group manages its interest rate risk exposures through actively monitoring its interest-bearing financial instruments and the movements in their interest rates. If any excessive exposures to interest rate are perceived, the Group would take steps to adjust the relative quantum of its interest-bearing assets and liabilities or taking out suitable hedging arrangement, as appropriate.

(iii) Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the balance sheet either as at fair value through other comprehensive income (FVOCI) (note 21) or at fair value through profit of loss (FVTPL) (note 22).

To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The majority of the Group's equity investments are publicly traded and are included in the Hong Kong Stock Exchange 200 Index or the NYSE International 100 Index.

Post-tax profit for the period would increase/decrease as a result of gains/losses on equity securities classified as at FVTPL. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as FVOCI.

(b) Credit risk

Credit risk is monitored by the Group's Risk Committee, Corporate Risk Management personnel and the Group's Treasury personnel.

The Group is exposed to credit risk, which is the risk that a counterparty is unable to pay amounts in full when due. It arises primarily from the loans and advances to customers, the amounts due from clients, brokers and clearing houses; reverse repurchase agreements, cash and cash equivalents, derivative financial assets & debt securities instruments. The maximum exposure of credit risk of the Group as at the reporting date is the carrying amount as at the end of the reporting period.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

The Group evaluates the financial instruments at each financial statement date after considering whether a significant increase in credit risk (“SICR”) has occurred since initial recognition. An ECL allowance for financial instruments is recognised according to the stage of ECL, which reflects the reasonable information and evidence available about the SICR and is also forward-looking.

Disclosures in respect of the Group's exposure to credit risk arising from its financial assets are set out in below.

All the Group's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. The Group has policies in place to evaluate credit risk when accepting new business and to monitor its credit exposure to individual customers.

(i) Measurement of the expected credit loss allowance

Expected credit loss measurement

For amounts due from clients, brokers and clearing houses, the Group applies the simplified approach permitted by HKFRS 9.

The measurement of the expected credit loss allowance for financial instruments are areas that requires the use of models and assumptions about future economic conditions and credit behaviour of the client (such as the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determine criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL.

The Group has applied a “three-stage” impairment model for ECL measurement based on changes in credit quality since initial recognition of financial assets as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in “Stage I” and has its credit risk continuously monitored by the Group;

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Measurement of the expected credit loss allowance (Continued)

- If a significant increase in credit risk (“SICR”) since initial recognition is identified, the financial instrument is moved to “Stage II” but is not yet deemed to be credit-impaired. The Group considers a financial instrument to have experienced a SICR when one or more of the following criteria have been met:
 - for margin financing — the occurrence of fore-warning credit management actions such as margin call measure triggered based on the pre-determined threshold of the relevant loan-to-margin value and loan-to-market value ratio, significant deterioration in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements which have an effect on the probability of a default occurring;
 - for debt investments at fair value through other comprehensive income – debt investments at fair value through other comprehensive income (FVOCI) include listed and unlisted debt securities. The loss allowance for debt investments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI;
 - for loans receivable arising from business of loans and financing — significant deteriorations between the investment’s initial external or internal credit rating and the credit rating at the reporting date.
- If the financial instrument is credit-impaired, the financial instrument is then moved to “Stage III”. The Group defines a financial instrument is credit impaired upon the occurrence of credit events including:
 - for margin financing — credit management actions such as collateral valuation falling short of the related margin loan amount; and
 - for loans receivable arising from business of loans and financing — significant deterioration in the investment’s internal and external rating whereby the issuer is assessed to be typically in default, with little prospect for recovery of principal or interest; or, significant financial difficulty of the issuer.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Measurement of the expected credit loss allowance (Continued)

Inputs, assumptions and estimation techniques

The ECL of different financial portfolios is measured by the Group on either a 12-month or lifetime basis depending on whether they are in Stage I, II or III as defined above.

A pervasive concept in measuring ECL by the Group is that it should consider forward-looking information.

For loans receivable arising from business of loans and financing, ECL is the discounted product of the Probability of Default (“PD”) with consideration of the forward-looking information, Exposure at Default (“EAD”), and Loss Given Default (“LGD”):

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining lifetime of the obligation. Appropriate external and internal credit rating and related PD are taken into consideration. The Group has already assessed the PD sensitivities to the macroeconomic economy.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.
- LGD represents the Group’s expectation of the extent of loss on a defaulted exposure. LGD is determined based on publicly available information from credit rating agencies based on the issuers and type of securities. The Group assessed the appropriateness to use the external available information.

For margin financing, ECL is the discounted product of the EAD and Loss Ratio (“LR”):

- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Measurement of the expected credit loss allowance (Continued)

LR represents the Group's expectation of the likelihood and extent of loss on exposure based on the relevant loan to collateral ratio. The Group uses historical loss rates based on publicly available information and assesses their appropriateness.

- Forward-looking information incorporated in the ECL model
- A pervasive concept in measuring ECL in accordance with HKFRS 9 is that it should consider forward looking information.

For loans receivable arising from business of loans and financing, the assessment of SICR is performed using the change of the rating between the origination date and reporting date. Following this assessment, the Group measures ECL as either a probability weighted 12-month ECL (Stage I), or a probability weighted lifetime ECL (Stages II and III).

The Group considered normal, optimistic and pessimistic economic scenarios in formulating the forward-looking adjustment. Determined by the management, the scenario analysis considered trends of relevant macro-economic indices such as China GDP growth, Hong Kong GDP growth and Hong Kong unemployment rate. Parameters and calculation are reviewed and adjusted annually by the Group.

For margin financing, Hang Seng Index ("HSI") is considered a key economic factor in determination of forward-looking adjustment. Neutral, optimistic and pessimistic scenarios are considered in predicting the HSI movement, based on historical price-earnings ratios and the respective HSI in Bloomberg. A weighting factor is applied based on the number of years HSI stayed in optimistic and pessimistic zone.

Given the characteristics of these exposures and the credit management approach adopted, management considers that the impacts of forward-looking information based on key economic variables will not have any significant impacts to the financial statements.

The Group considers the aforesaid forecasts and assessments to represent its best estimate of possible outcomes. As with any economic forecasts, the above projections and likelihoods of occurrence are subject to a certain level of uncertainties and further enhancement and calibrations.

The closing loss allowances for amounts due from clients, brokers and clearing houses, loans receivable and margin financing as at 31 December 2021 reconcile to the opening loss allowances as follows:

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Measurement of the expected credit loss allowance (Continued)

	Amounts due from clients, brokers and clearing houses - others Simplified approach Lifetime ECL US\$'000
Opening loss allowance as at 1 January 2021	-
Increase in loss allowance recognised in profit or loss during the year	1,834
Reversal of provision	-
Exchange difference	-
As at 31 December 2021	<u>1,834</u>

	Amounts due from clients, brokers and clearing houses - others Simplified approach Lifetime ECL US\$'000
Opening loss allowance as at 1 January 2020	-
Increase in loss allowance recognised in profit or loss during the year	-
Reversal of provision	-
Exchange difference	-
As at 31 December 2020	<u>-</u>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Measurement of the expected credit loss allowance (Continued)

	Margin receivable		
	2021	2021	2021
	Stage 1	Stage 2	Stage 3
	12-month	Lifetime	Lifetime
	ECL	ECL	ECL
	US\$'000	US\$'000	US\$'000
Opening loss allowance as at 1 January 2021	-	20	7,565
Increase in margin receivable loss allowance recognised in profit or loss during the year	-	-	-
Reversal of provision	-	-	-
Receivables written off during the year	-	-	-
Exchange difference	-	-	(44)
	<u>-</u>	<u>20</u>	<u>7,521</u>
As at 31 December 2021	<u>-</u>	<u>20</u>	<u>7,521</u>

	Margin receivable		
	2020	2020	2020
	Stage 1	Stage 2	Stage 3
	12-month	Lifetime	Lifetime
	ECL	ECL	ECL
	US\$'000	US\$'000	US\$'000
Opening loss allowance as at 1 January 2020	-	8	7,447
Increase in margin receivable allowance recognised in profit or loss during the year	-	12	84
Reversal of provision	-	-	-
Receivables written off during the year	-	-	-
Exchange difference	-	-	34
	<u>-</u>	<u>20</u>	<u>7,565</u>
As at 31 December 2020	<u>-</u>	<u>20</u>	<u>7,565</u>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Measurement of the expected credit loss allowance (Continued)

	Loans receivable arising from business of loans and financing		
	2021	2021	2021
	Stage 1	Stage 2	Stage 3
	12-month	Lifetime	Lifetime
	ECL	ECL	ECL
	US\$'000	US\$'000	US\$'000
Opening loss allowance as at 1 January 2021	-	-	458
Increase in loan loss allowance recognised in profit or loss during the year	-	-	-
Reversal of provision	-	-	(183)
Receivables written off during the year	-	-	-
Exchange difference	-	-	-
	<u>-</u>	<u>-</u>	<u>275</u>
As at 31 December 2021	<u>-</u>	<u>-</u>	<u>275</u>

	Loans receivable arising from business of loans and financing		
	2020	2020	2020
	Stage 1	Stage 2	Stage 3
	12-month	Lifetime	Lifetime
	ECL	ECL	ECL
	US\$'000	US\$'000	US\$'000
Opening loss allowance as at 1 January 2020	-	-	9,772
Increase in loan loss allowance recognised in profit or loss during the year	-	-	480
Reversal of provision	-	-	(9,760)
Receivables written off during the year	-	-	(34)
Exchange difference	-	-	-
	<u>-</u>	<u>-</u>	<u>458</u>
As at 31 December 2020	<u>-</u>	<u>-</u>	<u>458</u>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Measurement of the expected credit loss allowance (Continued)

The Group considers debt investments to have experienced a SICR if the internal or external ratings of the debt instruments or the issuers of the debt instruments were downgraded. During the year, SICR for debt investments at fair value through other comprehensive income is identified for the Group's position in Greenland bond, which was downgraded by Moody to Ba3 and negative outlook during 2021. Management made forward looking adjustments to the ECL of Greenland bond investment by analysing the impacts of various economic variables and measured the ECL as a probability weighted lifetime ECL classified as stage 2.

Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk where they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The loss allowance is recognised in profit or loss and reduces the fair value loss otherwise recognised in other comprehensive income.

The closing loss allowances for debt investments at fair value through other comprehensive income as at 31 December 2021 reconcile to the opening loss allowances as follows:

	Debt investments at fair value through other comprehensive income		
	2021 Stage 1 12-month ECL US\$'000	2021 Stage 2 Lifetime ECL US\$'000	2021 Stage 3 Lifetime ECL US\$'000
Opening loss allowance as at 1 January 2021	952	-	-
Increase in debt investments loss allowance recognised in profit or loss during the year	(68)	20,064	-
Reversal of provision	-	-	-
Exchange difference	-	-	-
As at 31 December 2021	<u>884</u>	<u>20,064</u>	<u>-</u>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Measurement of the expected credit loss allowance (Continued)

	Debt investments at fair value through other comprehensive income		
	2020	2020	2020
	Stage 1	Stage 2	Stage 3
	12-month	Lifetime	Lifetime
	ECL	ECL	ECL
	US\$'000	US\$'000	US\$'000
Opening loss allowance as at 1 January 2020	-	-	-
Increase in debt investments loss allowance recognised in profit or loss during the year	952	-	-
Unused amount reversed	-	-	-
Exchange difference	-	-	-
	<u>952</u>	<u>-</u>	<u>-</u>
As at 31 December 2020	<u>952</u>	<u>-</u>	<u>-</u>

Amounts due from clients, brokers and clearing houses, debt investments at fair value through other comprehensive income, other debtors and reverse repurchase agreement with loss allowance and related collateral held are shown as follow:

	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
	US\$'000	US\$'000	US\$'000	US\$'000
As at 31 December 2021				
Amounts due from clients, brokers and clearing houses - Margin receivable/ loans receivable arising from business of loans and financing	929,943	(7,816)	922,127	10,910,970
Amounts due from clients, brokers and clearing houses - Others	4,372,729	(1,834)	4,370,895	4,370,895
Debt investments at fair value through other comprehensive income	214,546	(20,948)	193,598	185,332
Other debtors, deposits and prepaid expenses	93,629	(2,386)	91,243	-
Reverse repurchase agreement	<u>187,270</u>	<u>-</u>	<u>187,270</u>	<u>209,756</u>
Total	<u>5,798,117</u>	<u>(32,984)</u>	<u>5,765,133</u>	<u>15,676,953</u>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Measurement of the expected credit loss allowance (Continued)

	Gross exposure US\$'000	Impairment allowance US\$'000	Carrying amount US\$'000	Fair value of collateral held US\$'000
<u>As at 31 December 2020</u>				
Amounts due from clients, brokers and clearing houses - Finance lease receivable	4,130	-	4,130	11,082
Amounts due from clients, brokers and clearing houses - Margin receivable/ loans receivable arising from business of loans and financing	860,807	(8,043)	852,764	3,518,099
Amounts due from clients, brokers and clearing houses – Others	5,063,753	-	5,063,753	5,063,753
Debt investments at fair value through other comprehensive income	177,134	(952)	176,182	175,124
Reverse repurchase agreement	615,007	-	615,007	831,640
Total	6,720,831	(8,995)	6,711,836	9,599,698

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Net impairment losses on financial asset

During the year, expected credit losses were recognised in profit or loss in related to below financial assets:

	2021 US\$'000	2020 US\$'000
Impairment losses for amounts due from clients, brokers and clearing houses	1,790	576
Reversal of impairment losses	(183)	(9,851)
	<u>1,607</u>	<u>(9,275)</u>
Impairment losses on financial assets at fair value through other comprehensive income	19,996	952
Impairment losses on other debtors	2,386	2,579
	<u>23,989</u>	<u>(5,744)</u>
Net impairment losses on financial assets	<u>23,989</u>	<u>(5,744)</u>

(c) Liquidity risk

Liquidity risk is 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 amount, tenor and composition of funding and liquidity to support the assets.

The Group's Liquidity Risk Management Framework is designed to ensure that it is able to meet its funding requirements as they fall due under a range of market conditions. This is achieved via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring. Together, these meet internal requirements while also adopting the Group's Risk and Treasury Department's interpretation of Basel's Principles for Sound Liquidity Risk Management in the context of a non-banking financial institution. Liquidity risk is monitored by the Group's Treasury and Risk personnel.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

As at 31 December 2021, the Group's total available credit lines amounted to US\$4,905,776,000 (2020: US\$3,483,337,000) of which US\$1,235,036,000 (2020: US\$911,495,000) was unutilised.

The table below presents the cash flows payable by the Group by contractual and expected undiscounted cash flows as at the reporting dates.

	Less than 3 months US\$'000	3 months to 1 year US\$'000	Over 1 year US\$'000	Total US\$'000
<u>As at 31 December 2021</u>				
Financial liabilities at fair value through profit or loss	3,145,041	3,200,330	770,452	7,115,823
Derivative financial instruments	424,215	480,094	1,168,571	2,072,880
Long term borrowings from a fellow subsidiary	-	-	1,048,125	1,048,125
Short term borrowings from fellow subsidiaries	480,117	1,087,013	-	1,567,130
Amounts due to clients, brokers and clearing houses	11,181,166	-	-	11,181,166
Amounts due to the ultimate holding company	125	-	-	125
Repurchase agreements	4,913,695	292,590	215,358	5,421,643
Creditors and other accruals	74,250	8	8,876	83,134
Lease liabilities	7,770	24,158	63,703	95,631
Bank borrowings	1,137,237	-	-	1,137,237
Private placement notes issued to the ultimate holding company	920,301	195,562	144,667	1,260,530
	<u>22,283,917</u>	<u>5,279,755</u>	<u>3,419,752</u>	<u>30,983,424</u>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	Less than 3 months US\$'000	3 months to 1 year US\$'000	Over 1 year US\$'000	Total US\$'000
<u>As at 31 December</u>				
<u>2020</u>				
Financial liabilities at fair value through profit or loss	2,050,888	2,844,694	659,251	5,554,833
Derivative financial instruments	291,917	710,175	3,337,002	4,339,094
Long term borrowings from a fellow subsidiary	-	-	1,066,875	1,066,875
Short term borrowings from fellow subsidiaries	432,179	319,835	-	752,014
Amounts due to clients, brokers and clearing houses	9,821,597	-	-	9,821,597
Amounts due to the ultimate holding company	126	-	-	126
Repurchase agreements	3,964,765	980,617	111,948	5,057,330
Creditors and other accruals	81,929	2,105	8,345	92,379
Lease liabilities	7,323	20,616	84,408	112,347
Bank borrowings	765,012	-	48,986	813,998
Private placement notes issued to the ultimate holding company	924,016	-	342,333	1,266,349
	<u>18,339,752</u>	<u>4,878,042</u>	<u>5,659,148</u>	<u>28,876,942</u>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

3 Financial risk management (Continued)

3.2 Capital risk management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
- to support the Group's stability and growth; and
- to fulfil the regulatory capital requirements of its subsidiaries where they operate.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

Since the Group provides financial services to its clients in different countries, various subsidiaries within the Group are regulated by local regulatory authorities in countries in which they operate, and are subject to different local capital requirements imposed by the local regulatory authorities. In general, these capital requirements vary depending on factors such as dealing volume, unsettled trade balances and concentration factors. These regulatory capital requirements are monitored on a daily basis.

On 31 December 2021, a subsidiary company of the Group has certain bank borrowings, total outstanding amount of US\$250,000,000 (2020: US\$360,000,000), where certain financial conditions are imposed on the guarantor, CITIC Securities International Company Limited, the holding company of the Group and its subsidiary companies ("CSI group") on a consolidated basis. In 2021 and 2020, CSI Group has complied with these conditions throughout the reporting period.

As in prior periods, the Group monitors capital by reviewing the level of capital that is at the disposal of the Group ("adjusted capital"). Adjusted capital generally comprises all components of shareholders' equity excluding revaluation reserves. The adjusted capital of the Group as at 31 December 2021 was US\$1,398,207,000 (2020: US\$1,319,562,000).

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

3 Financial risk management (Continued)

3.3 Fair value estimation

For financial instruments that are measured in the balance sheet at fair value, HKFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at the end of the reporting periods.

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
As at 31 December 2021				
Assets				
Financial assets at fair value through profit or loss				
- listed equities	14,991,157	-	-	14,991,157
- managed funds	222,343	94,178	14,760	331,281
- unlisted equities	-	20	24,684	24,704
- quoted debt securities	-	3,888,347	96,017	3,984,364
Derivative financial instruments				
- for own account purposes	24,730	824,708	9,300	858,738
- for client account purposes	5,727	1,572,757	-	1,578,484
Financial assets at fair value through other comprehensive income	-	185,332	21,086	206,418
Total assets	15,243,957	6,565,342	165,847	21,975,146
Liabilities				
Financial liabilities at fair value through profit or loss				
- listed equities	521,904	-	-	521,904
- managed funds	4,351	-	-	4,351
- medium term notes	-	5,350,017	-	5,350,017
- quoted debt securities	-	172,308	-	172,308
- equity linked notes	-	1,067,243	-	1,067,243
Derivative financial instruments				
- for own account purposes	17,716	992,627	-	1,010,343
- for client account purposes	3,535	1,059,002	-	1,062,537
Total liabilities	547,506	8,641,197	-	9,188,703

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

3 Financial risk management (Continued)

3.3 Fair value estimation (Continued)

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
<u>As at 31 December 2020</u>				
Assets				
Financial assets at fair value through profit or loss				
- listed equities	13,608,793	-	-	13,608,793
- managed funds	449,130	116,477	9,069	574,676
- unlisted equities	-	41	45,973	46,014
- quoted debt securities	-	3,763,159	87,071	3,850,230
Derivative financial instruments				
- for own account purposes	15,306	448,215	216,220	679,741
- for client account purposes	1,161	913,469	16,633	931,263
Financial assets at fair value through other comprehensive income				
	-	175,124	25,272	200,396
Total assets	14,074,390	5,416,485	400,238	19,891,113
Liabilities				
Financial liabilities at fair value through profit or loss				
- listed equities	246,993	-	-	246,993
- managed funds	4,365	-	-	4,365
- medium term notes	-	4,288,726	-	4,288,726
- quoted debt securities	-	325,823	36	325,859
- equity linked notes	-	688,890	-	688,890
Derivative financial instruments				
- for own account purposes	15,485	368,584	484,976	869,045
- for client account purposes	689	3,444,420	24,940	3,470,049
Total liabilities	267,532	9,116,443	509,952	9,893,927

Investments in associates and joint ventures are not included in the above table as they are equity accounted.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current closing price. These instruments are included in level 1. Instruments included in level 1 comprise listed equity investments, future contracts and quoted debt securities are classified as financial assets at fair value through profit or loss.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

3 Financial risk management (Continued)

3.3 Fair value estimation (Continued)

Valuation techniques used to derive Level 2 fair values

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. The total return swaps have been fair valued using market values for the underlying equities that are quoted in an active market and adjusted for counterparty credit risk of the total return swap issuer.

Fair value measurements using significant unobservable inputs (Level 3)

Instruments classified within level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include investment in a suspended stock, investments in unlisted investment funds, equity investment in partnerships and derivatives.

There were no transfers between level 1 and 2 for recurring fair value measurements during the year. The following table presents the movements in level 3 instrument for the year ended 31 December 2021 and the year ended 31 December 2020:

	Unlisted equity securities US\$'000	Listed equity securities US\$'000	Quoted debt securities US\$'000	Managed funds US\$'000	Trading derivatives at FVPL US\$'000	Total US\$'000
Closing balance 31 December 2020	34,070	37,174	87,377	8,764	(277,063)	(109,678)
Transfer from level 2	-	-	-	-	3,613	3,613
Acquisitions	12,091	-	64,804	62	9,300	86,257
Disposals	-	(37,174)	(45,950)	(29)	273,450	190,297
(Losses) recognised in other comprehensive income	(4,186)	-	-	-	-	(4,186)
Gains recognised in discontinued operations*	-	-	-	-	-	-
Gains/(losses) recognised in other income*	3,795	-	(10,214)	5,963	-	(456)
Closing balance as at 31 December 2021	<u>45,770</u>	<u>-</u>	<u>96,017</u>	<u>14,760</u>	<u>9,300</u>	<u>165,847</u>

*includes unrealised gains or (losses) recognised in profit or loss attributable to balances held at the end of the reporting period

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

3 Financial risk management (Continued)

3.3 Fair value estimation (Continued)

	Unlisted equity securities US\$'000	Listed equity securities US\$'000	Quoted debt securities US\$'000	Managed funds US\$'000	Trading derivatives at FVPL US\$'000	Total US\$'000
Closing balance 31						
December 2019	99,786	35,753	92,900	12,520	-	240,959
Transfer from level 2	-	-	3,766	-	(277,063)	(273,297)
Acquisitions	-	-	2,576	132	-	2,708
Disposals	(33,168)	-	(1,091)	(3,034)	-	(37,293)
(Losses) recognised in other comprehensive income	(4,164)	-	-	-	-	(4,164)
Gains recognised in discontinued operations*	-	-	-	-	-	-
Gains/(losses) recognised in other income*	(28,384)	1,421	(10,774)	(854)	-	(38,591)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Closing balance as at 31 December 2020	<u>34,070</u>	<u>37,174</u>	<u>87,377</u>	<u>8,764</u>	<u>(277,063)</u>	<u>(109,678)</u>

*includes unrealised gains or (losses) recognised in profit or loss attributable to balances held at the end of the reporting period

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

3 Financial risk management (Continued)

3.3 Fair value estimation (Continued)

Fair value measurements using significant unobservable inputs (Level 3) (Continued)

	Fair value at 31 December 2021 US\$'000	Fair value at 31 December 2020 US\$'000	Valuation Methodologies	Unobservable Inputs	
Financial assets at fair value through profit or loss					
Unlisted investments	8,007	2,925	Net asset value	N/A	(Note a)
Unlisted equity investments	445	464	Investment cost	N/A	
Unlisted equity investment in a venture capital fund	6,753	5,839	Net asset value	N/A	
Unlisted Equity investment	3,334	3,334	Post transaction-market transaction	Price per share	
Debt securities investment	-	33,304	Discounted cash flow	Interest rate	
Unlisted equity investment in a digital therapeutics developer	4,953	5,000	Post transaction-market transaction	Price per share	
Debt securities investment in private companies	-	4,411	Net asset value	N/A	
Debt securities investment	21,593	21,968	Discounted cash flow and market approach	Discount rate, EV/EBITDA	
Debt securities investment	9,620	19,406	Discount over principal amount	Discount over principal amount	
Quoted debt securities investment	64,804	8,287	Trader quotes	Trader quotes	
Unlisted Equity Securities	-	37,175	Discounted cash flow	Probability of conversion	
Unlisted investments	15,952	-	Adjusted net asset value	Discounts for lack of marketability	
Total	135,461	142,113			

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

3 Financial risk management (Continued)

3.3 Fair value estimation (Continued)

Fair value measurements using significant unobservable inputs (Level 3) (Continued)

	Fair value at 31 December 2021 US\$'000	Fair value at 31 December 2020 US\$'000	Valuation Methodologies	Unobservable Inputs
Financial liabilities at fair value through profit or loss				
Quoted debt securities investment	-	(36)	Trader quotes	Trader quotes
Financial assets at fair value through other comprehensive income				
Unlisted Equity Securities	21,086	25,272	Net asset value	N/A
Derivative financial instruments - Assets				
Equity options	-	232,853	Trader quotes	History Volatility
Warrants	9,300	-	Black-Scholes model	Probability of conversion and discount rate
Total	<u>9,300</u>	<u>232,853</u>		
Derivative financial instruments - Liabilities				
Equity options	-	509,916	Trader quotes	History Volatility

*There were no significant inter-relationships between unobservable inputs that materially affect fair values.

The Group's valuation processes

Note a:

Discussions of valuation processes and results are held once every quarter. The main level 3 input used by the Group pertains to the estimation of net asset value of the investments. There were no changes in valuation techniques during the period.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

3 Financial risk management (Continued)

3.4 Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's consolidated balance sheet; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the consolidated balance sheet.

Financial assets and liabilities subject to offsetting as at the end of the reporting periods:

	Gross amount of recognised financial assets/ liabilities US\$'000	Gross amount of recognised financial liabilities/ assets offset in the consolidated balance sheet US\$'000	Net amount of financial assets/ liabilities presented in the consolidated balance sheet US\$'000	Related amounts not offset in the consolidated balance sheet Financial instruments other than cash collateral US\$'000	Cash collateral received/ pledged US\$'000	Net amount US\$'000
31 December 2021						
Financial assets						
Derivative financial instruments (b)	2,437,222	-	2,437,222	(629,253)	-	1,807,969
Reverse repurchase Agreement (b)	187,270	-	187,270	(187,270)	-	-
Amounts due from clearing houses (a)	1,110,950	(913,656)	197,294	-	-	197,294
	<u>3,735,442</u>	<u>(913,656)</u>	<u>2,821,786</u>	<u>(816,523)</u>	<u>-</u>	<u>2,005,263</u>
Financial liabilities						
Derivative financial instruments (b)	2,072,880	-	2,072,880	(629,253)	-	1,443,627
Repurchase agreements (b)	5,421,643	-	5,421,643	(5,421,643)	-	-
Amounts due to clearing houses (a)	1,024,362	(913,656)	110,706	-	-	110,706
	<u>8,518,885</u>	<u>(913,656)</u>	<u>7,605,229</u>	<u>(6,050,896)</u>	<u>-</u>	<u>1,554,333</u>
31 December 2020						
Financial assets						
Derivative financial instruments (b)	1,611,004	-	1,611,004	(395,926)	-	1,215,078
Reverse repurchase Agreement (b)	615,007	-	615,007	(615,007)	-	-
Amounts due from clearing houses (a)	2,221,299	(1,615,730)	605,569	-	-	605,569
	<u>4,447,310</u>	<u>(1,615,730)</u>	<u>2,831,580</u>	<u>(1,010,933)</u>	<u>-</u>	<u>1,820,647</u>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

3 Financial risk management (Continued)

3.4 Offsetting financial assets and financial liabilities (Continued)

	Gross amount of recognised financial assets/ liabilities US\$'000	Gross amount of recognised financial liabilities/ assets offset in the consolidated balance sheet US\$'000	Net amount of financial assets/ liabilities presented in the consolidated balance sheet US\$'000	Related amounts not offset in the consolidated balance sheet Financial instruments other than cash collateral US\$'000	Cash collateral received/ pledged US\$'000	Net amount US\$'000
31 December 2020						
Financial liabilities						
Derivative financial instruments (b)	4,339,094	-	4,339,094	(395,926)	-	3,943,168
Repurchase agreements (b)	5,057,330	-	5,057,330	(5,057,330)	-	-
Amounts due to clearing houses (a)	1,979,342	(1,615,730)	363,612	-	-	363,612
	<u>11,375,766</u>	<u>(1,615,730)</u>	<u>9,760,036</u>	<u>(5,453,256)</u>	<u>-</u>	<u>4,306,780</u>

(a) Offsetting arrangements – Amount due from/to clearing houses

Under the agreement of continuous net settlement with Hong Kong Securities Clearing Company Limited (“HKSCC”) and overseas clearing houses, the Group has a legally enforceable right to set off the money obligation receivable and payable with clearing houses on the settlement date and the Group intends to settle on a net basis.

(b) Master netting arrangements

The Group entered into International Swaps and Derivatives Association (“ISDA”) Master Agreements and Global Master Repurchase Agreements (“GMRA”) for derivatives and repurchase agreements. Under the terms of these arrangements, only where certain credit events occur (such as default), will the net position owing/ receivable to a single counterparty in the same currency be taken as owing and all the relevant arrangements terminated. As the Group does not presently have a legally enforceable right of set-off, these amounts have not been offset in the balance sheet, but have been presented separately in the table above.

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

4 Critical accounting estimates and judgments (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

(a) Estimation of useful life of intangible asset

Intangible assets with finite useful life include customer relationship, computer software, and purchase right to a company that are acquired by the Group. Intangible assets with finite useful life are stated at cost less accumulated amortisation. Amortisation of intangible assets is charged to the consolidated statement of profit or loss on a straight-line basis over the assets' estimated useful lives.

Intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Customer relationship	10 years
Computer software	5 years
Purchase right to a company	1 year

(b) Estimation of goodwill impairment

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. 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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(c) Taxes

(i) Provision for tax in India

CLSA India Private Limited has been involved in tax litigation on deduction of inter-company service fees since year ended 31 March 2011. The litigation is at various stages of appeal. Based on professional advice received, provisions amounting to US\$45,178,000 have been made as at 31 December 2021 (31 December 2020: US\$39,480,000).

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

4 Critical accounting estimates and judgments (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

(c) Taxes (Continued)

(ii) Provision for other taxes

In light of the further integration of the business models, CLSA has updated the transfer pricing policies. The updated transfer pricing policies are yet to be reviewed by local regulators in the relevant jurisdictions. In addition, further review of the prior transfer pricing policies may also take place as a result. The additional provision relating to this matter is estimated to be US\$18.72 million for year ended 31 December 2021.

The Group is subject to tax in the many jurisdictions it operates. The laws are complex and often subject to differing interpretations by taxpayers and the relevant taxing authority. In determining its income tax provision, the Group must make judgments regarding these complex tax regulations as well as estimate how certain items will be taxed in various jurisdictions in the future. Disputes over interpretations of tax regulations upon audit or review may be settled with the tax authorities in various tax jurisdictions or subject to review and adjudication in such jurisdictions.

The Group recognises liabilities for such disputed items based upon estimates of whether additional taxes will ultimately be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax and deferred tax provisions in the period in which such determination is made.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

4 Critical accounting estimates and judgments (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

(d) Recognition of deferred taxes

Deferred taxes are recognised for the future tax implications of transactions and events that have been recognised for financial statements. When appropriate, based on internal judgement and analysis, deferred tax assets are recognised for tax losses not yet used and for deductible temporary differences based upon enacted tax laws and prevailing tax rates. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax benefits can be utilised, management's judgement is required to assess the probability of future taxable profits. The profitability assessment is carried out periodically to ensure all new information or changes to existing information are taken into account. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the current income tax and deferred income tax in the period during which such a determination is made.

As at the end of the reporting periods, the Group has unrecognised deferred tax assets of approximately US\$68,452,000 (2020: US\$105,497,000) in relation to tax losses and deductible temporary differences. Refer to Note 33 to the consolidated financial statements for details.

(e) Fair value estimation

The Group holds investments in financial instruments and investment funds which are classified as financial assets at fair value through profit or loss.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows and option pricing models, are used to determine fair value for the remaining financial instruments.

The carrying amount of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

4 Critical accounting estimates and judgments (Continued)

4.2 Critical judgments in applying the Group's accounting policies

(a) Expected credit loss allowance for trade receivables

The loss allowances for trade receivables were based on assumptions about risk of default and expected loss rates. The Group used judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the past history of the Group, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the table in Note 3.1(b).

(b) Determination of the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Most extension options in offices and vehicles leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

5 Brokerage commission

	2021 US\$'000	2020 US\$'000
Brokerage commission from:		
- equities trading	406,929	365,223
- derivatives trading	9,996	7,212
Total brokerage commission	<u>416,925</u>	<u>372,435</u>

6 Net trading income

	2021 US\$'000	2020 US\$'000
Net gains on financial assets and financial liabilities at FVTPL	360,847	54,356
Net gains on financial assets at fair value through other comprehensive income	150	1,147
Dividend income	105,818	65,221
Interest income from debt securities at FVTPL	75,899	149,567
Total net trading income	<u>542,714</u>	<u>270,291</u>

7 Interest income

	2021 US\$'000	2020 US\$'000
Interest income from:		
- bank deposits	15,591	23,533
- loan receivable arising from business of loans and financing	55,586	50,760
- reverse repurchase agreements	3,258	18,430
- deposits with clearing houses and brokers	5,896	3,882
- finance lease receivable	157	390
- advances to related companies	11	9
- financial assets at fair value through other comprehensive income	10,461	11,949
- securities lending	12,627	763
- others	3,085	5,064
Total interest income	<u>106,672</u>	<u>114,780</u>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

8 Other income

	2021	2020
	US\$'000	US\$'000
Overhead expenses recharge	2,150	2,150
Overhead expenses recharge to related companies (Note ii)	10,464	5,317
Overhead expenses recharge to fellow subsidiaries	407	176
Miscellaneous income (Note i)	3,123	4,513
Rental income	2,293	3,875
Gain on disposal of property, plant and equipment	-	33
Gain on disposal of investment properties	2,597	18
Net foreign exchange gain	750	62,460
	<hr/>	<hr/>
Total other income	21,784	78,542
	<hr/> <hr/>	<hr/> <hr/>

Notes:

(i) Government grants

Job supports grants of US\$255,000 (2020: US\$1,416,000) for Hong Kong and Singapore subsidiaries are included in the 'Miscellaneous income items' line item. There are no unfulfilled conditions or other contingencies attaching to these grants. The group did not benefit directly from any other forms of government assistance.

(ii) Other income from related companies

Related companies in these financial statements refer to the associate companies. Overhead expenses recharge for services provided to the related companies is calculated on a cost-plus basis. Such services comprise shared support services including use of office space and equipment.

9 Employee benefits expenses

	2021	2020
	US\$'000	US\$'000
Salaries and other short-term employee benefits	390,018	362,460
Pension costs – contribution to pension plans (i)	14,129	13,520
Termination benefits	568	3,298
	<hr/>	<hr/>
Total employee benefits expenses	404,715	379,278
	<hr/> <hr/>	<hr/> <hr/>

Notes:

(i) Pension costs included both defined contribution and defined benefits plans contribution. The Group has sponsored a defined contribution provident fund scheme, a Mandatory Provident Fund scheme (MPF Scheme) for the benefits of its employees in Hong Kong. Contributions to the MPF Scheme are in accordance with the statutory limits prescribed by the MPF Ordinance.

The Group accounting policy for defined benefit plans is set out in Note 2.15 (c). Within the multi-employer defined benefit plans which included pension plans in India, Indonesia, Japan and Thailand.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

10 Finance costs

	2021	2020
	US\$'000	US\$'000
Interest expense on:		
- bank borrowings	23,730	32,835
- client securities accounts	1,088	1,080
- private placement notes	6,427	9,581
- loans from fellow subsidiaries	28,542	22,469
- repurchase agreements	31,503	44,780
- lease liabilities	3,573	5,648
- securities borrowing	28,679	1,654
- others	12,147	6,976
- banking facilities related fees and charges	1,591	1,723
	<hr/>	<hr/>
Total finance costs	137,280	126,746
	<hr/> <hr/>	<hr/> <hr/>

11 Other operating expenses

	2021	2020
	US\$'000	US\$'000
Amortisation of intangible assets (Note 14)	17,937	19,462
Impairment charge of intangible assets (Note 14)	229,179	11,734
Auditor's remuneration	3,026	2,871
Bank charges	1,371	1,133
Business tax	2,289	1,605
Charitable donation	460	3
Depreciation on property, plant and equipment (Note 15)	10,889	11,852
Depreciation on investment properties (Note 17)	890	1,367
Depreciation on right-of-use assets (Note 16)	27,502	27,143
Fixed asset written off	1,104	22
(Reversal of) / impairment loss on investment properties	(6,457)	13,342
Legal and professional fees	8,997	9,822
Office premises costs	8,332	8,639
Postage and stationery	726	735
Promotion and advertising expenses	4,265	1,084
Repair and maintenance	170	143
Research expenses	1,979	1,269
Loss on disposal of property, plant and equipment	111	-
Sundry expenses	7,320	6,204
Travelling and entertainment	4,101	3,410
Expenses relating to short-term leases (Note 16)	1,836	1,594
	<hr/>	<hr/>
Total other operating expenses	326,027	123,434
	<hr/> <hr/>	<hr/> <hr/>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

12 Tax expense

Taxation on profits has been provided on the estimated assessable profits at the rates of taxation prevailing in the countries in which the Group operates.

The amount of tax expense charged to the consolidated statement of comprehensive income represents:

	2021 US\$'000	2020 US\$'000
Current tax on profits for the year	108,738	19,890
Current tax of prior years	13,742	34,223
Withholding tax	3,220	4,014
Deferred tax (Note 33)	(92,058)	42,060
Total tax expense	<u>33,642</u>	<u>100,187</u>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profits of the consolidated entities as follows:

	2021 US\$'000	2020 US\$'000
Profit before tax	<u>137,567</u>	<u>218,946</u>
Tax calculated at domestic rates applicable to profits in respective jurisdictions	10,694	42,126
Income not subject to tax	(9,531)	(19,180)
Expenses not deductible for tax purposes	39,879	21,853
Utilisation of previously unrecognised tax losses	(5,488)	(4,236)
Tax losses for which no deferred tax asset was recognised	3,037	6,074
Current tax of prior periods	13,742	34,223
Deferred tax of prior periods	(4,292)	15,991
Recognition of prior year deferred tax assets	(19,362)	(1,003)
Withholding tax	3,220	4,014
Others	1,743	325
Tax expense	<u>33,642</u>	<u>100,187</u>

13 Dividends

No final dividend in respect of the year ended 31 December 2021 was to be proposed by the Company (2020: Nil).

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

14 Intangible assets

	Goodwill US\$'000	Customer relationship US\$'000	Trademarks US\$'000	Internally- generated software US\$'000	Externally- purchased software US\$'000	Exchange Trading rights US\$'000	Purchase right to a company US\$'000	Total US\$'000
<u>Cost</u>								
At 1 January 2021	377,154	172,368	42,500	82,600	3,533	6,905	13,050	698,110
Additions	-	-	-	-	48	-	650	698
Disposals	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	(19)	(46)	-	(65)
At 31 December 2021	377,154	172,368	42,500	82,600	3,562	6,859	13,700	698,743
<u>Accumulated amortisation</u>								
At 1 January 2021	-	126,359	-	82,600	3,306	3,155	12,779	228,199
Amortisation charges	-	17,237	-	-	50	-	650	17,937
Exchange differences	-	-	-	-	(11)	(37)	-	(48)
At 31 December 2021	-	143,596	-	82,600	3,345	3,118	13,429	246,088
<u>Accumulated impairment</u>								
At 1 January 2021	74,353	-	-	-	-	-	-	74,353
Provision for the year	185,019	1,660	42,500	-	-	-	-	229,179
Exchange differences	-	-	-	-	-	-	-	-
At 31 December 2021	259,372	1,660	42,500	-	-	-	-	303,532
<u>Cost</u>								
At 1 January 2020	376,419	172,368	42,500	82,600	3,304	7,019	12,400	696,610
Additions	735	-	-	-	230	-	650	1,615
Disposals	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	(1)	(114)	-	(115)
At 31 December 2020	377,154	172,368	42,500	82,600	3,533	6,905	13,050	698,110
<u>Accumulated amortisation</u>								
At 1 January 2020	-	109,122	-	82,600	2,743	3,279	11,108	208,852
Amortisation charges	-	17,237	-	-	554	-	1,671	19,462
Exchange differences	-	-	-	-	9	(124)	-	(115)
At 31 December 2020	-	126,359	-	82,600	3,306	3,155	12,779	228,199
<u>Accumulated impairment</u>								
At 1 January 2020	62,619	-	-	-	-	-	-	62,619
Provision for the year	11,734	-	-	-	-	-	-	11,734
Exchange differences	-	-	-	-	-	-	-	-
At 31 December 2020	74,353	-	-	-	-	-	-	74,353
<u>Net book amount</u>								
31 December 2021	117,782	27,112	-	-	217	3,741	271	149,123
31 December 2020	302,801	46,009	42,500	-	227	3,750	271	395,558

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

14 Intangible assets (Continued)

The trademarks and exchange trading rights are not amortized as they have no expiry date and management expects to use the trademark and the exchange trading rights in the foreseeable future.

The customer relationship, internally-generated software and externally purchased software are amortized over the expected useful lives of 10 years, 5 years and 5 years respectively.

During the year ended 31 December 2021, the Group paid US\$650,000 for the right to purchase an overseas brokerage company in the coming year, and the right is amortized over its expected useful life of 1 year.

Impairment test for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units ("CGU"s) for impairment testing as follows:

Allocation of Goodwill

		2021	2020
		US\$'000	US\$'000
	Note		
Goodwill arising from business acquisitions:			
Brokerage business acquired in 2006	(i)	-	12,005
CLSA Group acquired in 2013	(ii)	N/A	287,245
Institutional Brokerage	(ii)	-	N/A
Investment Banking	(ii)	31,849	N/A
Fixed income	(ii)	44,431	N/A
Equity Derivatives	(ii)	41,483	N/A
Assets Management	(ii)	-	N/A
Acquisition of Avignon Holdings Limited	(iii)	-	3,532
Acquisitions of operations in several countries		19	19
		<hr/>	<hr/>
Total carrying amounts of goodwill		117,782	302,801
		<hr/> <hr/>	<hr/> <hr/>

Recoverable amounts of goodwill are determined based on the value in use of each group of CGUs.

Notes

(i) Goodwill arising from business acquisition made by the Company in 2006

Goodwill arising from the acquisition by the Company of two subsidiaries in 2006 that are engaged in brokerage business was being regarded as a single CGU.

For the year ended 31 December 2021, the cash flows projection of 5 years, as well as a permanent growth of the brokerage unit determined based on the assumptions of brokerage commission estimated according to existing actual business level, plus projection of future business plans and market environment. Goodwill allocated to relevant CGU subject to annual impairment testing in 2021 is US\$12,005,000 (2020: US\$12,005,000).

The recoverable amount of the CGU calculated based on the value-in-use calculation was lower than the carrying amount of the CGU. This was primarily attributable to the change in Hong Kong stock market environment and the change in the interest environment. Management recognised a provision for impairment of US\$12,005,000 for the year ended 31 December 2021 (2020: US\$ nil).

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

14 Intangible assets (Continued)

Notes (Continued)

(ii) Goodwill arising from business acquisition made by the Company in 2013

Acquisition of CLSA B.V. and its subsidiaries (collectively referred as “CLSA Group”) was completed in 2013, and management regarded as a single CGU up to the year ended 31 December 2020.

In 2021, the Group completed a restructuring to increase the collaboration between offshore and onshore business units and to align the reporting structure of various business line and rebrand the business. This triggers reallocation of goodwill, with carrying amount of US\$ 287 million as at 31 December 2020, to individual cash-generating-units (“CGU”)s at reorganisation date. The restructure of management reporting triggers determination of CGUs and reallocation of goodwill to individual CGUs identified. As a result, 5 individual CGUs were identified.

The reallocation was performed on the basis of the relative values of CGUs identified on the date of reorganisation. Goodwill reallocated to relevant CGUs subject to annual impairment testing in 2021 amounted to US\$287 million (2020: US\$287 million).

	At reorganisation date US\$'000
CGUs:	
Institutional Brokerage	169,482
Investment Banking	31,849
Fixed income	44,431
Equity Derivatives	41,483
Assets Management	-
	<hr/>
CLSA Group acquired in 2013	<u>287,245</u>

Trademark of US\$42,500,000 was allocated to same CGU, i.e. the Institutional Brokerage, which would be the only user of the trademark after reorganisation.

The results of the impairment assessments revealed that, except for an impairment of US\$212 million (including US\$169.5 million for goodwill and US\$42.5 million for trademark) which was required to be recognised for the CGU of Institutional Brokerage, no further impairment charge was necessary for the current year. The recoverable amounts of those CGU were determined based on value-in-use calculations and the discount rates used by management in the discounted cash flows (“DCF”) under VIU model related to the impaired CGU was 12% - 13%.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

14 Intangible assets (Continued)

Notes (Continued)

(iii) Goodwill arising from business acquisition made by the Group in 2020

The Group acquired a further 3.53% equity stake in Avignon Holdings Limited and its subsidiaries (collectively referred as Avignon Group”) in 2021. As at 31 December 2021, the Group’s shareholdings in Avignon Holdings Limited was 71.71% (2020: 68.18%), and management regarded it as a single CGU.

Goodwill allocated to relevant CGU before the annual impairment testing in 2021 is amounted to US\$3,532,000 (2020: US\$11,920,000).

Management determined the recoverable amount of the CGU based on its value-in-use, determined by 5-year cash flow projection with discounting the future cash flows to be generated from the continued operation.

The recoverable amount of the CGU calculated based on the value-in-use calculation was lower than the carrying amount of the CGU, thus management recognised a provision for impairment of US\$3,532,000 for the year ended 31 December 2021 (2020: US\$8,387,000).

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

14 Intangible assets (Continued)

The key assumptions used in the estimation of value-in-use of the CGUs were as follows:

	As at 31 December 2021			As at 31 December 2020		
	Discount rate (post-tax)	Terminal value growth rate	Average operating profit-margin forecast	Discount rate (post-tax)	Terminal value growth rate	Average operating profit-margin forecast
Brokerage business acquired in 2006	12%	3%	33%	10%	3%	44%
Avignon Group acquired in 2018	20%	2%	8%	16%	2%	17%
CLSA Group acquired in 2013	N/A	N/A	N/A	12%	3%	26%
Institutional Brokerage	12%	2%	9%	N/A	N/A	N/A
Investment Banking	12%	2%	19%	N/A	N/A	N/A
Fixed income	13%	2%	7%	N/A	N/A	N/A
Equity Derivatives	12%	2%	47%	N/A	N/A	N/A
Assets Management	13%	2%	3%	N/A	N/A	N/A

The discount rate was a pre-tax measure based on the weighted average cost of capital (“WACC”) or a rate reflects specific risks relating to each CGU. The WACC depends on inputs reflecting a number of financial and economic variables including the risk-free rate, market premium, market cost of debt and a specific premium to reflect the inherent risk of this operating segment. These variables are based on the market’s assessment of the economic variables and management’s judgement.

A long-term growth rate of 2% (2020: 2%) into perpetuity for Avignon Holdings Limited and its subsidiaries (collectively referred as “Avignon Group”), 2% (2020: 3%) for CLSA Group acquired in 2013 and 3% (2020: 3%) for brokerage business acquired in 2016 were determined based on the long term growth rate forecast included in industry reports.

A five-year projection of cash flows for all the CGUs were included in the discounted cash flow model. Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

15	Property, plant and equipment	Leasehold improvements US\$'000	Computer hardware and software US\$'000	Furniture and fittings US\$'000	Telecommuni- -cations equipment US\$'000	Motor vehicles US\$'000	Total US\$'000
	Year ended 31 December 2021						
	Opening net book amount	6,666	18,006	2,109	865	127	27,773
	Exchange differences	(65)	(118)	(12)	2	(11)	(204)
	Additions	821	6,748	130	47	1	7,747
	Disposals/written off	(274)	(900)	(5)	(37)	-	(1,216)
	Depreciation	(2,499)	(7,371)	(711)	(296)	(12)	(10,889)
	Closing net book amount	<u>4,649</u>	<u>16,365</u>	<u>1,511</u>	<u>581</u>	<u>105</u>	<u>23,211</u>
	At 31 December 2021						
	Cost	25,745	169,690	7,144	9,025	361	211,965
	Accumulated depreciation	(21,096)	(153,325)	(5,633)	(8,444)	(256)	(188,754)
	Net book amount	<u>4,649</u>	<u>16,365</u>	<u>1,511</u>	<u>581</u>	<u>105</u>	<u>23,211</u>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

15 Property, plant and equipment (Continued)

	Leasehold improvements US\$'000	Computer hardware and software US\$'000	Furniture and fittings US\$'000	Telecommuni- -cations equipment US\$'000	Motor vehicles US\$'000	Total US\$'000
Year ended 31 December 2020						
Opening net book amount	8,786	22,067	2,620	1,147	13	34,633
Exchange differences	33	40	(17)	10	(1)	65
Additions	771	3,832	212	33	126	4,974
Disposals/written off	(24)	(22)	(1)	-	-	(47)
Depreciation	(2,900)	(7,911)	(705)	(325)	(11)	(11,852)
	<u>6,666</u>	<u>18,006</u>	<u>2,109</u>	<u>865</u>	<u>127</u>	<u>27,773</u>
Closing net book amount						
At 31 December 2020						
Cost	27,135	172,003	8,273	10,404	391	218,206
Accumulated depreciation	(20,469)	(153,997)	(6,164)	(9,539)	(264)	(190,433)
Net book amount	<u>6,666</u>	<u>18,006</u>	<u>2,109</u>	<u>865</u>	<u>127</u>	<u>27,773</u>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

16 Leases

(i) *Amounts recognised in the balance sheet*

The balance sheet shows the following amounts relating to leases:

	2021 US\$'000	2020 US\$'000
Right-of-use assets		
Buildings	86,469	100,409
Motor vehicles	71	113
IT equipments	21	55
	<u>86,561</u>	<u>100,577</u>
Lease liabilities		
Current	30,207	26,433
Non-current	61,375	81,323
	<u>91,582</u>	<u>107,756</u>

Additions to the right-of-use assets during the 2021 financial year were US\$12,570,000 (2020: US\$41,572,000).

(ii) *Amounts recognised in profit or loss*

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	2021 US\$'000	2020 US\$'000
Depreciation charge of right-of-use assets		
Buildings	27,424	27,043
Motor vehicles	48	72
IT equipments	30	29
Exchange difference	-	(1)
	<u>27,502</u>	<u>27,143</u>
Interest expense (included in finance cost)	3,573	5,648
Expense relating to short-term leases	1,836	1,594

The total cash outflow for leases in 2021 was US\$35,069,000 (2020: US\$33,642,000).

(iii) *The Group's leasing activities and how these are accounted for*

The Group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 7 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 other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

17 Investment properties

	Commercial and industrial building	
	2021	2020
	US\$'000	US\$'000
Cost		
Opening book amount	62,555	69,922
Disposal	(15,962)	(10,150)
Exchange difference	(752)	2,783
Closing book amount	45,841	62,555
Accumulated depreciation		
Opening book amount	(3,030)	(1,898)
Depreciation charge	(890)	(1,367)
Disposal	879	402
Exchange difference	36	(167)
Closing book amount	(3,005)	(3,030)
Allowance for impairment		
Opening book amount	(22,986)	(10,039)
Impairment reversal/(loss) on investment properties	6,457	(13,342)
Disposal	5,596	1,515
Exchange difference	276	(1,120)
Closing book amount	(10,657)	(22,986)
Net book amount	32,179	36,539

As at 31 December 2021, the fair values of the investment properties amounted to US\$32,179,000 (2020: US\$38,112,000).

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

17 Investment properties (Continued)

(i) *Amount recognised in profit of loss for investment properties*

	2021	2020
	US\$'000	US\$'000
Rental income from operating leases	2,293	3,839
Direct operating expenses from property that generated rental income	(3,414)	(5,199)
Impairment reversal/ (loss) on investment properties	6,457	(13,342)

(ii) *Non-current assets pledged as security*

Refer to Note 28 for information on non-current assets pledged as security by the Group.

(iii) *Leasing arrangement*

The investment properties are leased to tenants under operating leases with rentals payable monthly.

(iv) *Operating lease commitments - as a lessor*

Minimum lease payments receivable on leases of investment properties are as follows:

	As at 31 December 2021	As at 31 December 2020
	US\$'000	US\$'000
Within 1 year	1,965	2,662
Between 1 and 2 years	1,824	2,459
Between 2 and 3 years	1,775	2,266
Between 3 and 4 years	1,743	2,221
Between 4 and 5 years	1,568	2,184
Later than 5 years	11,334	16,045
	<u>20,209</u>	<u>27,837</u>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

18 Investments in joint ventures

	2021 US\$'000	2020 US\$'000
Beginning of the year	8,887	10,771
Change in respect of acquisition of subsidiaries	-	(7)
Return of capital	(8,063)	-
Dividends	-	(135)
Share of gains/(losses) of joint ventures	5,855	(738)
Reclassification to amount due from clients, brokers and clearing house	-	(1,387)
Exchange differences	(578)	383
End of the year	<u>6,101</u>	<u>8,887</u>

Set out below are the joint ventures of the Group as at 31 December 2021 and 2020. The joint ventures as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business.

Nature of investment in each joint venture as at the end of the reporting periods:

Name	Place of incorporation	Group interest as at 31 December 2021	Group interest as at 31 December 2020	Principal activities
Kingvest Limited	Cayman Islands	45%	45%	Asset management
CSOBOR Fund GP, Limited	Cayman Islands	49%	49%	Asset management
Sunrise Capital Holdings IV Limited	Cayman Islands	50%	50%	Asset management
Merchant Property Limited	Guernsey	50%	50%	Property investments
Bright Lee Capital	British Virgin Islands	48%	48%	Asset management
Double Nitrogen Fund GP, Limited	Cayman Islands	48%	48%	Fund General Partner
Sino-Ocean Land Logistics Investment Management Limited	Cayman Islands	50%	50%	Asset management

The joint ventures are private companies and there is no quoted market price available for their shares.

There were no commitment and contingent liabilities relating to the Group's interest in the joint ventures.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

18 Investments in joint ventures (Continued)

18.1 Summarised financial information for significant joint ventures

Summarised balance sheet

	Kingvest Limited	Sunrise Capital Holdings IV Limited
	US\$'000	US\$'000
<u>As at 31 December 2021</u>		
Current		
Cash and bank balances	29	3,399
Other current assets (excluding cash)	-	568
	<hr/>	<hr/>
Total current assets	29	3,967
	<hr/> <hr/>	<hr/> <hr/>
Current financial Liabilities	-	1,812
Other current liabilities	721	-
	<hr/>	<hr/>
Total current liabilities	721	1,812
	<hr/> <hr/>	<hr/> <hr/>
Non-current		
Total non-current assets	11,913	-
	<hr/> <hr/>	<hr/> <hr/>
Non-current financial Liabilities	-	-
Other non-current liabilities	-	-
	<hr/>	<hr/>
Total non-current liabilities	-	-
	<hr/> <hr/>	<hr/> <hr/>
Net assets	11,221	2,155
	<hr/> <hr/>	<hr/> <hr/>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

18 Investments in joint ventures (Continued)

18.1 Summarised financial information for significant joint ventures (Continued)

Summarised balance sheet (Continued)

	Kingvest Limited	Sunrise Capital Holdings IV Limited
	US\$'000	US\$'000
Reconciliation to carrying amounts:		
Opening net assets 1 January	13,098	-
Profit for the period	198	2,424
Other comprehensive income	-	-
Dividends paid	-	-
Prior year adjustment	-	(269)
Return of capital	(728)	-
FX difference	(1,347)	-
Reconciliation to carrying amounts:		
	-----	-----
Closing net assets	11,221	2,155
	-----	-----
Group's share in %	45%	50%
Group's share in HK\$	5,032	1,078
Goodwill	-	-
	-----	-----
Carrying amount	5,032	1,078
	-----	-----

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

18 Investments in joint ventures (Continued)

18.1 Summarised financial information for significant joint ventures (Continued)

Summarised balance sheet (Continued)

	Bright Lee Capital Limited US\$'000	Merchant Property Limited US\$'000	Kingvest Limited US\$'000
<u>As at 31 December 2020</u>			
Current			
Cash and bank balances	-	611	3
Other current assets (excluding cash)	-	865	15
	_____	_____	_____
Total current assets	-	1,476	18
	=====	=====	=====
Current financial liabilities	(16)	1,231	-
Other current liabilities	-	-	9
	_____	_____	_____
Total current liabilities	(16)	1,231	9
	=====	=====	=====
Non-current			
Total non-current assets	-	42,120	13,089
	_____	_____	_____
Non-current financial liabilities	-	36,324	-
Other non-current liabilities	-	-	-
	_____	_____	_____
Total non-current liabilities	-	36,324	-
	=====	=====	=====
Net assets	(16)	6,041	13,098
	=====	=====	=====

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

18 Investments in joint ventures (Continued)

18.1 Summarised financial information for significant joint ventures (Continued)

Summarised balance sheet (Continued)

	Bright Lee Capital Limited US\$'000	Merchant Property Limited US\$'000	Kingvest Limited US\$'000
Reconciliation to carrying amounts:			
Opening net assets 1 January	(14)	11,537	11,567
Profit for the period	(2)	(5,942)	1,531
Other comprehensive income	-	-	-
Dividends paid	-	-	-
Prior year adjustment	-	(12)	-
FX difference	-	458	-
Reconciliation to carrying amounts:	-----	-----	-----
	(16)	6,041	13,098
Closing net assets	=====	=====	=====
Group's share in %	48%	50%	45%
Group's share in HK\$	(8)	3,021	5,874
Goodwill	-	-	-
Carrying amount	-----	-----	-----
	(8)	3,021	5,874
	=====	=====	=====

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

18 Investments in joint ventures (Continued)

18.1 Summarised financial information for significant joint ventures (Continued)

Summarised statement of comprehensive income

	Merchant Property Limited US\$'000	Sunrise Capital Holdings IV Limited US\$'000
<u>For the year ended 31 December 2021</u>		
Revenue	2,553	8,917
Expenses	(665)	(6,493)
Depreciation and amortisation	(407)	-
Interest income	-	-
Interest expense	(337)	-
Net realised gain on investments	8,461	-
Net change of unrealised appreciation/(depreciation) on investments	-	-
Profit before tax	9,605	2,424
Income tax expenses	(211)	-
Total comprehensive income	<u>9,394</u>	<u>2,424</u>

	Bright Lee Capital Limited US\$'000	Merchant Property Limited US\$'000	Kingvest Limited US\$'000
<u>For the year ended 31 December 2020</u>			
Revenue	-	1,430	-
Expenses	(2)	(5,559)	(12)
Depreciation and amortisation	-	(1,304)	-
Interest income	-	-	-
Interest expense	-	(509)	-
Net change of unrealised appreciation/(depreciation) on investments	-	-	1,543
(Loss)/ profit before tax	(2)	(5,942)	1,531
Income tax expenses	-	-	-
Total comprehensive income/(loss)	<u>(2)</u>	<u>(5,942)</u>	<u>1,531</u>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

18 Investments in joint ventures (Continued)

18.1 Summarised financial information for significant joint ventures (Continued)

Investment in joint ventures

	Sino-Ocean Land Logistics Investment Management Limited US\$'000	CSOBOR Fund GP, Limited US\$'000	Bright Lee Capital Ltd US\$'000	Double Nitrogen Fund GP Ltd US\$'000	Merchant Property Limited US\$'000	Kingvest Limited US\$'000	Sunrise Capital Holdings IV Limited US\$'000	Total US\$'000
For the year ended 31 December 2021								
Investment in joint ventures	-	-	(8)	-	3,021	5,874	-	8,887
Acquisition	-	-	-	-	-	-	-	-
Return on capital	-	-	-	-	(7,736)	(327)	-	(8,063)
Share of profit/(loss)	-	-	(1)	-	4,700	78	1,078	5,855
Further investment	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	15	(593)	-	(578)
Change in respect of acquisition of subsidiary	-	-	-	-	-	-	-	-
Reclassification to amounts due from clients, brokers and clearing house	-	-	-	-	-	-	-	-
As at year end	-	-	(9)	-	-	5,032	1,078	6,101

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

18 Investments in joint ventures (Continued)

18.1 Summarised financial information for significant joint ventures (Continued)

Investment in joint ventures (Continued)

	Sino-Ocean Land Logistics Investment Management Limited US\$'000	CSOBOR Fund GP, Limited US\$'000	Bright Lee Capital Ltd US\$'000	Double Nitrogen Fund GP Ltd US\$'000	Lending Ark Asia Secured Private Debt Holding Ltd US\$'000	Merchant Property Limited US\$'000	Kingvest Limited US\$'000	Sunrise Capital Holdings IV Limited US\$'000	Total US\$'000
For the year ended 31 December 2020									
Investment in joint ventures	-	-	-	-	-	5,769	5,002	-	10,771
Acquisition	-	-	-	-	-	-	-	-	-
Share of profit/(loss)	-	-	(1)	60	1,387	(2,662)	478	-	(738)
Further investment	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	(60)	-	(75)	-	-	(135)
Exchange differences	-	-	-	-	-	(11)	394	-	383
Change in respect of acquisition of subsidiary	-	-	(7)	-	-	-	-	-	(7)
Reclassification to amounts due from clients, brokers and clearing house	-	-	-	-	(1,387)	-	-	-	(1,387)
As at year end	-	-	(8)	-	-	3,021	5,874	-	8,887

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

19 Investments in associates

	2021	2020
	US\$'000	US\$'000
Beginning of the year	272,032	312,493
New investment in associates	9,337	276
Additional investment in associates	6,099	13,129
Share of losses	(799)	(8,951)
Share of other reserve	-	(172)
Dividends	(3,905)	(3,714)
Return of capital	(13,681)	(19,025)
Impairment	-	(33)
Disposal of investments invested by the associates	(24,734)	(18,912)
Change in respect of acquisition of subsidiaries	-	(1,651)
Exchange differences	(703)	(1,408)
	<hr/>	<hr/>
End of the year	243,646	272,032
	<hr/> <hr/>	<hr/> <hr/>

The Group's share of the results of its associates, all of which are unlisted, and their aggregated assets (including goodwill) and liabilities are as follows:

Name	Place of Incorporation	Principal activities	Effective percentage of interest in ownership	
			As at 31	As at 31
			December	December
			2021	2020
Aria Investment Partners III, L.P.	Cayman Islands	Private equity fund	28%	8%
Aria Investment Partners IV, L.P.	Cayman Islands	Private equity fund	39%	39%
Aria Investment Partners V, L.P.	Cayman Islands	Private equity fund	46%	46%
Fudo Capital II, L.P.#	Cayman Islands	Real estate fund	6%	6%
Fudo Capital III, L.P.#	Cayman Islands	Real estate fund	5%	5%
Fudo Capital IV, L.P.#	Cayman Islands	Real estate fund	3%	3%
Sunrise Capital II, L.P.	Cayman Islands	Real estate fund	24%	24%
Sunrise Capital III, L.P.#	Cayman Islands	Real estate fund	6%	6%
Sunrise Capital IV, L.P.#	Cayman Islands	Real estate fund	5%	-
Clean Resources Asia Growth Fund L.P.#	Cayman Islands	Hedge fund	18%	18%
CLSA Aviation Private Equity Fund I#	Korea	Investment vehicle	7%	7%
CLSA Aviation Private Equity Fund II#	Korea	Investment vehicle	0.1%	0.1%
CLSA Aviation II Investments (Cayman) Limited#	Cayman Islands	Investment vehicle	12%	12%
CLSA Infrastructure Private Equity Fund I#	Korea	Asset Management	0.1%	0.1%
CT CLSA Holdings Limited	Sri Lanka	Broking and investment banking	25%	25%
CSOBOR Fund L.P.	Cayman Islands	Asset Management	25%	25%

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

19 Investments in associates (Continued)

Name	Place of Incorporation	Principal activities	Effective percentage of interest in ownership	
			<u>As at 31 December 2021</u>	<u>As at 31 December 2020</u>
Citron PE Holdings Limited Formerly name as CITICPE Holdings Limited	British Virgin Islands	Asset Management	35%	35%
MEC Global Partners Asia Ltd. Formerly name as Pan Asia Realty Limited	Cayman Islands	Asset Management	30%	30%
Holisol Logistics Private Limited	India	Asset Management	20%	20%
Alfalah CLSA Securities (Private) Limited	Pakistan	Stock brokerage, investment counselling, fund placements and investment consultancy	25%	25%
Pine Tree Special Opportunity FMC LLC	Cayman Islands	Fund management	50%	50%
CLSA Real Estate Limited	Cayman Islands	Proposed investment advisor on real estate investments	40%	40%
Lending Ark Asia Secured Private Debt Fund I (Non-US), LP	Cayman Islands	Asset Management	22%	22%
Lending Ark Asia Secured Private Debt Holding Limited	Cayman Islands	Asset Management	30%	30%

For such investment in our seed investments in CP Funds, the Group is also the GP of the Funds at group level, so the Group will still have significant influence to the Funds' investments.

In 2021, the Group has invested US\$9,337,000 into Sunrise Capital IV, L.P., a real estate fund, which is treated as an associate as significant influence is exerted with holding of 50% voting right.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

19 Investments in associates (Continued)

19.1 Summarised financial information for associates

Set out below are the summarised financial information for the Group's investments in associates which are accounted for using the equity method.

Summarised balance sheet

	Fudo Capital II, L.P. US\$'000	Fudo Capital III, L.P. US\$'000	Fudo Capital IV, L.P. US\$'000	Sunrise Capital II, L.P. US\$'000	Sunrise Capital III, L.P. US\$'000	Sunrise Capital IV, L.P. US\$'000	Aria Investment Partners III, L.P. US\$'000	Aria Investment Partners IV, L.P. US\$'000	Aria Investment Partners V, L.P. US\$'000	CLSA Aviation Private Equity Fund I US\$'000	CLSA Aviation Private Equity Fund II US\$'000	CLSA Aviation II Investments (Cayman) Ltd US\$'000
As at 31 December 2021												
Current												
Cash and bank balances	463	1,930	904	21,431	9,317	7,074	335	39	18	43	61	1,089
Other current assets (excluding cash)	8	680	703	15	62	514	247	109	-	-	-	95
Total current assets	471	2,610	1,607	21,446	9,379	7,588	582	148	18	43	61	1,184
Current financial liabilities												
Other current liabilities	56	1,023	649	196	336	391	229	219	159	135	130	7
Total current liabilities	56	1,023	649	196	336	391	229	219	159	135	130	1,071
Non-current												
Total non-current assets	2,294	78,417	23,686	180,234	424,503	135,781	-	56,264	16,385	26,399	58,917	70,927
Non-current financial liabilities												
Other non-current liabilities	-	-	-	-	37,002	-	-	-	-	2,667	4,829	-
Total non-current liabilities	-	-	-	-	37,002	-	-	-	-	2,667	4,829	-
Net assets	2,709	80,004	24,644	161,613	396,544	142,978	353	56,193	16,244	23,640	54,019	71,040
Investments in associate Goodwill	166	3,421	655	38,776	27,262	7,846	101	22,188	7,399	256	49	12,264
Carrying value	166	3,421	655	38,776	27,262	7,846	101	22,188	7,399	256	49	12,264

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

- 19 Investments in associates (Continued)
- 19.1 Summarised financial information for associates (Continued)
- Summarised balance sheet (Continued)

	Fudo Capital L.P. II US\$'000	Fudo Capital L.P. III US\$'000	Fudo Capital L.P. IV US\$'000	Sunrise Capital L.P. II US\$'000	Sunrise Capital III, L.P. US\$'000	Aria Investment Partners III, L.P. US\$'000	Aria Investment Partners IV, L.P. US\$'000	Aria Investment Partners V, L.P. US\$'000	CLSA Aviation Private Equity Fund I US\$'000	CLSA Aviation Private Equity Fund II US\$'000	CLSA Aviation II Investments (Cayman) Ltd US\$'000
<i>As at 31 December 2020</i>											
Current	531	5,465	4	22,598	4,538	212	6	9	30	140	33
Cash and bank balances											
Other current assets (excluding cash)	8	715	6	102	2,485	15	5	-	3,468	6,048	373
Total current assets	539	6,180	10	22,700	7,023	227	11	9	3,498	6,188	406
Current financial liabilities	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities	57	2,985	1,238	303	622	1,238	138	143	126	223	7
Total current liabilities	57	2,985	1,238	303	622	1,238	138	143	126	223	7
Non-current	7,496	94,520	11,933	231,455	471,456	-	85,649	17,927	40,662	59,058	68,828
Total non-current assets											
Non-current financial liabilities	-	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities	-	-	-	65,948	22,344	-	-	83	-	-	-
Total non-current liabilities	-	-	-	65,948	22,344	-	-	83	-	-	-
Net assets	7,978	97,715	10,705	187,904	455,513	(1,011)	85,522	17,710	44,034	65,023	69,227
Investments in associate Goodwill	489	4,049	284	45,084	27,713	(85)	33,674	8,097	2,779	47	10,169
Carrying value	489	4,049	284	45,084	27,713	(85)	33,674	8,097	2,779	47	10,169

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

19 Investments in associates (Continued)

19.1 Summarised financial information for associates (Continued)

Summarised balance sheet (Continued)

	Clean Resources Asia Growth Fund L.P. US\$'000	CT CLSA Holdings Limited US\$'000	CSOBOR Fund L.P. US\$'000	CLSA Infrastructure Private Equity Fund I US\$'000	CITICPE Holdings Limited US\$'000	Pan Asia Realty Ltd US\$'000	Holisol Logistics Private Limited US\$'000	Alfalsh Securities (Private) Limited US\$'000	Lending Ark Asia Secured Holdings Limited US\$'000	Pine Tree Special Opportunity FMCLLC US\$'000	CLSA Real Estate Limited US\$'000	Lending Ark Asia Secured Private Debt Fund I (Non-US), LP US\$'000
As at 31 December 2020												
Current	216	425	-	14	58,448	4,733	472	768	5	158	5,671	47,478
Cash and bank balances	4,250	4,573	-	-	1,668	1,157	7,733	4,291	1,506	119	2,395	17,234
Other current assets (excluding cash)												
Total current assets	4,466	4,998	-	14	60,116	5,890	8,205	5,059	1,511	277	8,066	64,712
Current financial liabilities	-	1,741	-	-	18,121	-	6,625	3,398	604	332	15,435	17,400
Other current liabilities	2,241	63	-	318	285	1,188	-	126	-	-	-	693
Total current liabilities	2,241	1,804	-	318	18,406	1,188	6,625	3,524	604	332	15,435	18,093
Non-current												
Total non-current assets	14,875	489	55,288	89,346	138,206	1,264	8,733	285	1,488	-	362	167,988
Non-current financial liabilities	-	523	-	465	-	-	1,565	43	-	-	-	-
Other non-current liabilities	-	(44)	-	-	819	862	-	170	-	-	-	-
Total non-current liabilities	-	482	-	465	819	862	1,565	213	-	-	-	-
Net assets	17,100	3,201	55,288	88,577	179,097	5,104	8,748	1,607	2,395	(65)	(7,007)	214,607
Investments in associate	3,008	752	13,683	124	62,684	1,531	1,774	407	-	-	-	47,549
Goodwill	-	905	-	-	-	1,691	5,389	235	-	-	-	-
Carrying value	3,008	1,657	13,683	124	62,684	3,222	7,163	642	-	-	-	47,549

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

19 Investments in associates (Continued)

19.1 Summarised financial information for associates (Continued)

Summarised statement of comprehensive income

	Fudo Capital L.P. II	Fudo Capital III, L.P.	Fudo Capital IV, L.P.	Sunrise Capital II, L.P.	Sunrise Capital III L.P.	Sunrise Capital IV L.P.	Aria Investment Partners III, L.P.	Aria Investment Partners IV, L.P.	Aria Investment Partners V, LP	CLSA Aviation Private Equity Fund I	CLSA Aviation Private Equity Fund II	CLSA Aviation II Investments (Cayman) Ltd
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
For the year ended 31 December 2021												
Revenue	-	-	-	448	-	-	-	-	-	4,256	4,008	515
Expenses	(67)	(1,838)	(1,144)	2,366	(22,051)	(15,062)	(197)	(1,387)	(519)	(462)	(318)	(16)
Depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	-	-	3,784
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-
Net realised gain/(loss) on investments	(2,560)	(4,121)	414	15,890	84,468	-	-	15,659	405	2,178	5,291	-
Net change of unrealised appreciation/(depreciation) on investments	(2,650)	3,005	(2,922)	(36,815)	1,800	(10,645)	(39)	(577)	(4,493)	(17,373)	(5,800)	2,099
Profit/(loss) before tax	(5,277)	(2,954)	(3,652)	(18,111)	64,217	(25,707)	(236)	13,695	(4,607)	(11,401)	3,181	6,382
Income tax (expenses)/credit	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/ (loss)	(5,277)	(2,954)	(3,652)	(18,111)	64,217	(25,707)	(236)	13,695	(4,607)	(11,401)	3,181	6,382

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

19 Investments in associates (Continued)

19.1 Summarised financial information for associates (Continued)

Summarised statement of comprehensive income (Continued)

	Clean Resources Asia Growth Fund L.P.	CT CLSA Holdings Limited	CSOBOR Fund L.P.	Infrastructure Private Equity Fund I	CLSA	Hollis Logistics Private Limited	Citron PE Holdings Limited	MEC Global Partners Asia Ltd.	Alfalah CLSA Securities (Private) Limited	Pine Tree Special Opportunity FMC LLC	CLSA Real Estate Limited	Lending Ark Asia Secured Private Debt Fund I (Non-US), LP	Lending Ark Asia Secured Private Debt Holdings Limited
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
For the year ended 31 December 2021													
Revenue/ loss	150	2,118	(3,971)	-	-	27,272	5,516	3,415	1,610	-	1,956	13,367	2,222
Expenses	(515)	(1,209)	(2,000)	(415)	(25,586)	(25,586)	(3,879)	(2,879)	(1,074)	(9)	(6,628)	(4,361)	(2,217)
Depreciation and amortisation	-	-	-	-	(1,192)	(1,192)	(381)	(3)	(83)	-	(7)	-	-
Interest income	-	-	-	-	-	-	9	4	42	-	-	3,871	98
Interest expense	-	(25)	-	-	(540)	(540)	(23)	-	(88)	-	(114)	-	(12)
Net realised gain/(loss) on investments	(2,260)	-	-	-	-	-	-	-	-	-	-	(60)	-
Net change of unrealised appreciation/(depreciation) on investments	137	-	-	(6,939)	-	-	-	-	-	-	-	564	-
Profit/(loss) before tax	(2,488)	884	(5,971)	(7,354)	(47)	(47)	12,42	537	407	(9)	(47,93)	13,381	91
Income tax (expenses)/ credit	-	(293)	-	-	-	-	(103)	(156)	(65)	-	23	-	-
Total comprehensive Income/ (loss)	(2,488)	589	(5,971)	(7,354)	(47)	(47)	1,139	381	342	(9)	(47,70)	13,381	91

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

19 Investments in associates (Continued)

19.1 Summarised financial information for associates (Continued)

Summarised statement of comprehensive income (Continued)

	Fudo Capital L.P. II	Fudo Capital L.P. III, L.P.	Fudo Capital L.P. IV, L.P.	Sunrise Capital L.P. II	Sunrise Capital L.P. III	Aria Investment Partners III, L.P.	Aria Investment Partners IV, L.P.	Aria Investment Partners V, LP	CLSA Aviation Private Equity Fund I	CLSA Aviation Private Equity Fund II	CLSA Aviation Investments (Cayman) Ltd	Clean Resources Asia Growth Fund L.P.	CT CLSA Holdings Limited	CSOBOR Fund L.P.
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
For the year ended 31 December 2020														
Revenue	-	-	-	6	54	-	-	-	4,514	2,466	4,339	727	1,445	-
Expenses	(67)	(1,803)	(799)	(3,311)	(25,926)	(93)	(1,594)	(398)	(493)	(462)	(18)	(845)	(968)	(4)
Depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net realised gain/(loss) on investments	15	(630)	(241)	83,572	-	-	2,003	-	(1,061)	(4,145)	-	-	(22)	18,430
Net change of unrealised appreciation/(depreciation) on investments	16	(4,552)	1,329	(77,531)	89,008	(606)	(21,430)	1,091	(16,916)	1,586	1,285	(33,442)	-	(45,525)
Profit/(loss) before tax	(36)	(6,985)	289	2,736	63,136	(699)	(21,021)	693	(13,956)	(555)	5,606	(33,560)	455	(27,099)
Income tax (expenses)/credit	-	-	-	-	-	-	-	-	-	-	-	-	(194)	-
Total comprehensive income/ (loss)	(36)	(6,985)	289	2,736	63,136	(699)	(21,021)	693	(13,956)	(555)	5,606	(33,560)	261	(27,099)

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

19 Investments in associates (Continued)

19.1 Summarised financial information for associates (Continued)

Summarised statement of comprehensive income (Continued)

	CLSA Infrastructure Private Equity Fund I	Hollis Logistics Private Limited	CITICPE Holdings Limited	Citron PE Holdings Limited (Formerly name as CITICPE Holdings Limited)	MEC Global Partners Asia Ltd. (Formerly name as Pan Asia Realty Ltd)	Alfalah Securities (Private) Limited	CSI Partners Ltd	Pine Tree Special Opportunity FMC LLC	CLSA Real Estate Limited	Lending Ark Asia Secured Fund I (Non-US), LP	Lending Ark Asia Secured Private Debt Holdings Limited
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
For the year ended 31 December 2020											
Revenue	1,935	16,370	22,803	3,250	1,198	1,722	2	1,310	452	5,686	
Expenses	(415)	(16,452)	(4,340)	(3,489)	(899)	(461)	(81)	(7,994)	-	-	
Depreciation and amortisation	-	(944)	(892)	(1)	(84)	-	-	(18)	-	-	
Interest income	-	-	118	-	45	-	-	-	12,230	441	
Interest expense	-	(359)	(7)	-	(96)	-	-	(189)	-	-	
Net realised gain/(loss) on investments	-	-	-	-	-	-	-	-	(7,782)	(2,987)	
Net change of unrealised appreciation/(depreciation) on investments	-	-	-	-	-	-	-	-	-	3,269	
Profit/(loss) before tax	1,520	(1,085)	17,682	(240)	164	1,261	(79)	(6,891)	8,169	3,140	
Income tax (expenses)/ credit	-	-	(17)	13	(57)	(168)	-	(294)	-	-	
Total comprehensive income/ (loss)	1,520	(1,085)	17,665	(227)	107	1,093	(79)	(7,185)	8,169	3,140	

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

19 Investments in associates (Continued)

19.1 Summarised financial information for associates (Continued)

Reconciliation to carrying amounts

	Fudo Capital II, L.P. US\$'000	Fudo Capital III, L.P. US\$'000	Fudo Capital IV, L.P. US\$'000	Sunrise Capital II, L.P. US\$'000	Sunrise Capital III, L.P. US\$'000	Sunrise Capital IV, L.P. US\$'000	Aria Investment Partners III, L.P. US\$'000	Aria Investment Partners IV, L.P. US\$'000	Aria Investment Partners V, L.P. US\$'000	CLSA Aviation Private Equity Fund I US\$'000	CLSA Aviation Private Equity Fund II US\$'000	CLSA Aviation II Investments (Cayman) Ltd US\$'000	Clean Resources Asia Growth Fund L.P. US\$'000
<i>As at 31 December 2021</i>													
Investment in associates													
At 1 January	489	4,049	284	45,084	27,713	-	(85)	33,674	8,097	2,779	47	10,169	3,008
New investment in associates	-	-	-	-	-	9,337	-	-	-	-	-	-	-
Further investment in associates	-	62	483	255	-	-	283	891	1,882	30	-	1	-
Share of profit / (loss)	(323)	1	(112)	(4,409)	3,690	(4,491)	(97)	5,370	(2,126)	(2,285)	-	2,409	(462)
Dividends	-	-	-	-	-	-	-	-	(67)	(293)	-	(313)	-
Disposal	-	(692)	-	(2,154)	(3,754)	-	-	(17,747)	(387)	-	-	-	-
Return on capital	-	-	-	-	(387)	-	-	-	-	-	-	-	-
Exchange differences	-	1	-	-	-	-	-	-	-	25	2	(2)	-
Change in respect of acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-
As at year end	166	3,421	655	38,776	27,262	7,846	101	22,188	7,399	256	49	12,264	2,546

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

19 Investments in associates (Continued)

19.1 Summarised financial information for associates (Continued)

Reconciliation to carrying amounts (Continued)

	CT CLSA Holdings Limited US\$'000	CSOBOR Fund, L.P. US\$'000	CLSA Infrastructure Private Equity Fund I US\$'000	Holisol Logistics Private Limited US\$'000	Citron PE Holdings Limited (Formerly name as CITICPE Holdings Limited) US\$'000	MEC Global Partners Asia Ltd. (Formerly name as Pan Asia Realty Ltd) US\$'000	Alfalalah Securities (Private) Limited US\$'000	Fine Tree Specialty Opportunity LLC US\$'000	CLSA Real Estate Limited US\$'000	Ark Asia Secured Private Debt Fund I (Non-US), LP US\$'000	Lending Ark Asia Secured Private Debt Holdings Limited US\$'000	Total US\$'000
As at 31 December 2021												
Investment in associates												
At 1 January	1,657	13,683	124	7,163	62,684	3,222	642	-	-	47,549	-	272,032
New investment in associates	-	-	-	-	-	-	-	-	-	-	-	9,337
Further investment in associates	-	621	-	-	-	-	-	-	1,557	-	34	6,099
Share of profit / (loss)	237	(2,191)	6	84	416	(904)	111	-	(1,557)	2,868	(34)	(799)
Dividends	(86)	-	-	-	-	-	-	-	-	(3,146)	-	(3,905)
Disposal	-	-	-	-	-	-	-	-	-	-	-	(24,734)
Return of capital	-	-	-	-	(10,500)	-	-	-	-	(2,794)	-	(13,681)
Exchange differences	(216)	-	(5)	(116)	(333)	-	(59)	-	-	-	-	(703)
Change in respect of acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
As at year end	1,592	12,113	125	7,131	52,267	2,318	694	-	-	44,477	-	233,646

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

- 19 Investments in associates (Continued)
- 19.1 Summarised financial information for associates (Continued)
- Reconciliation to carrying amounts (Continued)

	CLSA Infrastructure Private Equity Fund I US\$'000	Hollisol Logistics Private Limited US\$'000	CSOBOR Fund, L.P. US\$'000	Citron PE Holdings Limited (Formerly name as CITICPE Holdings Ltd) US\$'000	MEC Global Partners Asia Ltd (Formerly name as Pan Asia Realty Ltd) US\$'000	Alfalalah Securities (Private) Limited US\$'000	Partners Ltd US\$'000	CSI Partners Ltd US\$'000	Pine Tree Special Opportunity FMC LLC US\$'000	Lending Ark Asia Secured Private Debt Fund I (Non- US), LP US\$'000	Lending Ark Asia Secured Private Debt Holdings Limited US\$'000	Total US\$'000
As at 31 December 2020												
Investment in associates												
At 1 January	125	8,724	28,443	56,536	597	558	1,279	37	49,348	-	-	312,493
New investment in associates	-	-	-	-	-	-	-	-	-	-	-	276
Further investment in associates	5	-	-	-	2,600	-	-	-	-	-	-	13,129
Share of profit / (loss)	(6)	(223)	(6,638)	6,209	25	174	352	(37)	2,772	-	-	(8,951)
Share of other reserve	-	(172)	-	-	-	-	-	-	-	-	-	(172)
Dividends	-	-	-	-	-	-	-	-	(2,359)	-	-	(3,714)
Disposal	-	-	(4,545)	-	-	-	-	-	-	-	-	(18,912)
Return of capital	-	-	(3,607)	-	-	-	-	-	(2,212)	-	-	(19,025)
Impairment	-	(33)	-	-	-	-	-	-	-	-	-	(33)
Exchange differences	-	(1,433)	-	(61)	-	(90)	20	-	-	-	-	(1,408)
Change in respect of acquisition of subsidiary	-	-	-	-	-	-	(1,651)	-	-	-	-	(1,651)
As at year end	124	7,163	13,683	62,684	3,222	642	-	-	47,549	-	-	272,032

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021****20 Subsidiaries****20.1 Information about subsidiaries**

The following is a list of the principal subsidiaries directly held by the Company as at 31 December 2021 and 31 December 2020:

Name	Place of incorporation	Group interest as at 31 December 2021	Group interest as at 31 December 2020	Principal activities
CLSA B.V.	The Netherlands	100% ¹	100% ¹	Investment holding
CLSA Europe B.V.	The Netherlands	100% ¹	100% ¹	Provision of securities brokerage and investment banking services
CSI AMC Company Limited	Hong Kong	100% ¹	100% ¹	Dormant
CSI Corporate Finance (HK) Limited	Hong Kong	100% ¹	100% ¹	Investment holding
CSI Principal Investment Holding Limited	British Virgin Islands	100% ¹	100% ¹	Investment holding

¹ Principal subsidiaries include subsidiaries held directly by the Company

The total non-controlling interest as at 31 December 2021 is US\$7,635,000 (2020: US\$7,967,000), of which US\$3,050,000 (2020: US\$1,946,000) is for PT CLSA Sekuritas Indonesia, US\$3,382,000 (2020: US\$2,758,000) is for CLSA Funding (Cayman) Limited, US\$1,203,000 (2020: US\$824,000) is for Avignon Holdings Limited, nil balance (2020: US\$2,439,000) is for CITIC CLSA Term Liquidity.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

20 Subsidiaries (Continued)

20.2 Summarised financial information on subsidiaries with material non-controlling interests

Set out below are summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

Name of subsidiary	Place of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests		Principal activities
		2021 %	2020 %	2021 %	2020 %	
PT CLSA Sekuritas Indonesia	Indonesia	60	60	40	40	Provision of securities brokerage and underwriting services
CLSA Funding (Cayman) Limited	Cayman Islands	72.05	72.05	27.95	27.95	Investment holding
Avignon Holdings Limited	Guernsey	71.71	68.18	28.29	31.82	Investment holding
CITIC CLSA Term Liquidity Fund	Cayman Islands	-	90.18	-	9.82	Investment holding
CITIC CLSA International Investment Management Holdings Limited	Cayman Islands	-	70	-	30	Investment holding

Summarised balance sheet

	PT CLSA Sekuritas Indonesia		CLSA Funding (Cayman) Limited	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Current				
Assets	76,406	72,153	166	166
Liabilities	(40,107)	(38,618)	-	(140)
Total current net assets	36,299	33,535	166	26
Non-current				
Assets	2,409	2,774	12,264	10,169
Liabilities	-	-	-	-
Total non-current net assets	2,409	2,774	12,264	10,169
Net assets	38,708	36,309	12,430	10,195

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

20 Subsidiaries (Continued)

20.2 Summarised financial information on subsidiaries with material non-controlling interests (Continued)

Set out below are summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarised balance sheet (Continued)

	Avignon Holdings Limited		CITIC CLSA Term Liquidity Fund		CITIC CLSA International Investment Management Holdings Limited	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Current						
Assets	5,386	6,442	-	23,253	-	-
Liabilities	(2,893)	(5,095)	-	(65)	-	-
Total current net assets	2,493	1,347	-	23,188	-	-
Non-current						
Assets	1,039	1,160	-	-	-	-
Liabilities	-	-	-	-	-	-
Total non-current net assets	1,039	1,160	-	-	-	-
Net assets	3,532	2,507	-	23,188	-	-

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

20 Subsidiaries (Continued)
20.2 Summarised financial information on subsidiaries with material non-controlling interests (Continued)

Summarised consolidated statement of comprehensive income

	CLSA Exchange Capital Inc.		PT CLSA Sekuritas Indonesia		CLSA Funding (Cayman) Limited		CLSA Real Estate Limited	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Revenue	-	-	13,095	12,027	2,405	1,592	-	-
Expenses	-	-	(8,535)	(7,735)	(12)	(15)	-	-
Profit before income tax	-	-	4,560	4,292	2,393	1,577	-	-
Income tax expense	-	-	(988)	(811)	-	-	-	-
Post-tax profit from continuing operations	-	-	3,572	3,481	2,393	1,577	-	-
Other comprehensive income/ (loss)	-	-	(473)	(795)	-	-	-	-
Total comprehensive income/ (loss)	-	-	3,099	2,686	2,393	1,577	-	-
Profit/ (loss) allocated to non-controlling interest	-	-	1,428	1,392	669	441	-	-
Dividends paid to non-controlling interest	-	-	276	679	83	92	-	-

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

20 Subsidiaries (Continued)

20.2 Summarised financial information on subsidiaries with material non-controlling interests (Continued)

Summarised consolidated statement of comprehensive income (Continued)

	Avignon Holdings Limited		CITIC CLSA Term Liquidity Fund		CITIC CLSA International Investment Management Holdings Limited	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Revenue	3,924	3,101	75	358	-	-
Expenses	(2,503)	(3,363)	-	-	-	32
Profit/ (loss) before income tax	1,421	(262)	75	358	-	32
Income tax expense	(267)	(109)	-	-	-	-
Post-tax profit from continuing operations	1,154	(371)	75	358	-	32
Other comprehensive loss	(135)	341	-	-	-	-
Total comprehensive income	1,019	(30)	75	358	-	32
Profit/ (loss) allocated to non-controlling interest	499	(63)	46	35	-	10
Dividends paid to non-controlling interest	-	-	2,485	-	-	-

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

20 Subsidiaries (Continued)

20.2 Summarised financial information on subsidiaries with material non-controlling interests (Continued)

Summarised cash flows

	PT CLSA Sekuritas Indonesia 2021 US\$'000	PT CLSA Sekuritas Indonesia 2020 US\$'000	CLSA Funding (Cayman) Limited 2021 US\$'000	CLSA Funding (Cayman) Limited 2020 US\$'000
Cash flows from operating activities				
Cash generated from operations	5,426	2,708	297	294
Interest paid	(26)	(28)	-	-
Tax paid	(316)	(680)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash generated from operating activities	5,084	2,000	297	294
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash flows from investing activities				
Purchase of property, plant and equipment	-	(18)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash flows used in investing activities	-	(18)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash flows from financing activities				
Dividend paid to the immediate holding company	(415)	(1,018)	(214)	(238)
Dividend paid to non-controlling interests	(276)	(679)	(83)	(92)
Repayment of finance lease liabilities	(270)	(266)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash flows used in financing activities	(961)	(1,963)	(297)	(330)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net increase/(decrease) in cash and cash equivalents	4,123	19	-	(36)
Cash and cash equivalents at the beginning of year	37,968	38,708	164	200
Exchange loss on cash and bank balances	(580)	(759)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash and cash equivalent at the end of year	<u>41,511</u>	<u>37,968</u>	<u>164</u>	<u>164</u>

The information above is the amount before inter-company eliminations.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

20 Subsidiaries (Continued)

20.2 Summarised financial information on subsidiaries with material non-controlling interests (Continued)

Summarised cash flows (Continued)

	Avignon Holdings Limited 2021 US\$'000	Avignon Holdings Limited 2020 US\$'000	CITIC CLSA Term Liquidity Fund 2021 US\$'000	CITIC CLSA Term Liquidity Fund SP 2020 US\$'000
Cash flows from operating activities				
Cash (used in)/generated from operations	(132)	810	23,263	8,362
Interest received/(paid)	7	(79)	-	-
Tax paid	(475)	(232)	-	-
	<u>(600)</u>	<u>499</u>	<u>23,263</u>	<u>8,362</u>
Net cash (used in)/generated from operating activities	<u>(600)</u>	<u>499</u>	<u>23,263</u>	<u>8,362</u>
Cash flows from investing activities				
Purchase of property, plant and equipment	(3)	(20)	-	-
Net cash inflow in respect of acquisition of a subsidiary	-	1,214	-	-
	<u>(3)</u>	<u>1,194</u>	<u>-</u>	<u>-</u>
Cash flows (used in)/generated from investing activities	<u>(3)</u>	<u>1,194</u>	<u>-</u>	<u>-</u>
Cash flows from financing activities				
Capital from the immediate holding company	-	-	-	-
Capital returned to the non-controlling shareholders	-	-	(20,778)	(8,362)
Repayment of finance lease liabilities	(156)	(143)	-	-
Dividend paid to non-controlling shareholders	-	-	(2,485)	-
	<u>(156)</u>	<u>(143)</u>	<u>(23,263)</u>	<u>(8,362)</u>
Cash flows used in financing activities	<u>(156)</u>	<u>(143)</u>	<u>(23,263)</u>	<u>(8,362)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(759)</u>	<u>1,550</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at the beginning of year	<u>2,743</u>	<u>866</u>	<u>-</u>	<u>-</u>
Exchange (loss)/gain on cash and bank balances	(122)	327	-	-
	<u>(122)</u>	<u>327</u>	<u>-</u>	<u>-</u>
Cash and cash equivalent at the end of year	<u><u>1,862</u></u>	<u><u>2,743</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

The information above is the amount before inter-company eliminations.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

21 Financial assets at fair value through other comprehensive income

(i) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise this category. These are strategic investments and the group considers this classification to be more relevant.
- Debt Securities where the contractual cash flows are solely principal and interest and the objective of the group's business model is achieved both by collecting contractual cash flows and selling financial assets.

(ii) Equity investments at fair value through other comprehensive income

Equity investments at FVOCI comprise the following individual investment:

	2021 US\$'000	2020 US\$'000
<u>Non-current portion</u>		
Unlisted equities	21,086	25,272
	<u> </u>	<u> </u>

On disposal of this equity investment, any related balance within the revaluation reserve is reclassified to retained earnings.

(iii) Debt investments at fair value through other comprehensive income

Debt investments at FVOCI comprise the following:

	2021 US\$'000	2020 US\$'000
<u>Current assets</u>		
Quoted debt securities	185,332	175,124
	<u> </u>	<u> </u>

On disposal of these debt investments, any related balance within the FVOCI reserve is reclassified to profit or loss within net trading income.

(iv) Amounts recognised in profit and loss and other comprehensive income

During the year, the following gains/(losses) were recognised in other comprehensive income.

	2021 US\$'000	2020 US\$'000
Gains/ (losses) recognised in other comprehensive income		
Related to equity investment	(4,185)	(4,164)
Related to debt investment	14,359	(186)
	<u> </u>	<u> </u>
	<u>10,174</u>	<u>(4,350)</u>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

22 Financial assets and liabilities at fair value through profit or loss

	As at 31 December 2021	
	Assets	Liabilities
	US\$'000	US\$'000
<u>Non-current portion</u>		
<u>Designated at fair value through profit or loss</u>		
For own account purposes:		
Unlisted equities	24,684	-
Managed funds	56,706	-
	<hr/>	<hr/>
Total for non-current portion	81,390	-
	<hr/> <hr/>	<hr/> <hr/>
<u>Current portion</u>		
<u>Held for trading</u>		
For own account purposes:		
Listed equities	473,609	73,466
Managed funds	5,825	4,351
Quoted debt securities	1,103,010	164,436
	<hr/>	<hr/>
	1,582,444	242,253
	<hr/>	<hr/>
For client account purposes:		
Listed equities	14,517,463	448,438
Managed funds	268,636	-
Quoted debt securities	2,751,439	7,872
	<hr/>	<hr/>
	17,537,538	456,310
	<hr/>	<hr/>
<u>Designated at fair value through profit or loss</u>		
For own account purposes:		
Unlisted equities	20	-
Quoted debt securities	129,915	-
	<hr/>	<hr/>
	129,935	-
	<hr/>	<hr/>
For client account purposes:		
Listed equities	85	-
Managed funds	114	-
Quoted debt securities	-	-
Equity linked notes	-	1,067,243
Medium term notes	-	5,350,017
	<hr/>	<hr/>
	199	6,417,260
	<hr/>	<hr/>
Total for current portion	19,250,116	7,115,823
	<hr/> <hr/>	<hr/> <hr/>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

22 Financial assets and liabilities at fair value through profit or loss (Continued)

	As at 31 December 2020	
	Assets	Liabilities
	US\$'000	US\$'000
<u>Non-current portion</u>		
<u>Designated at fair value through profit or loss</u>		
For own account purposes:		
Unlisted equities	37,715	-
Managed funds	69,073	-
Quoted debt securities	8,798	-
	<hr/>	<hr/>
Total for non-current portion	115,586	-
	<hr/> <hr/>	<hr/> <hr/>
<u>Current portion</u>		
<u>Held for trading</u>		
For own account purposes:		
Listed equities	957,277	26,944
Managed funds	435,042	4,365
Quoted debt securities	1,046,369	164,615
Unlisted equities	37,195	-
	<hr/>	<hr/>
	2,475,883	195,924
	<hr/>	<hr/>
For client account purposes:		
Listed equities	12,106,692	220,049
Managed funds	70,443	-
Quoted debt securities	2,751,146	161,244
	<hr/>	<hr/>
	14,928,281	381,293
	<hr/>	<hr/>
<u>Designated at fair value through profit or loss</u>		
For own account purposes:		
Unlisted equities	22	-
Quoted debt securities	15,000	-
	<hr/>	<hr/>
	15,022	-
	<hr/>	<hr/>
For client account purposes:		
Listed equities	544,823	-
Managed funds	118	-
Equity linked notes	-	688,890
Medium term notes	-	4,288,726
	<hr/>	<hr/>
	544,941	4,977,616
	<hr/>	<hr/>
Total for current portion	17,964,127	5,554,833
	<hr/> <hr/>	<hr/> <hr/>

Financial assets/liabilities at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital in the statement of cash flows (Note 34).

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

23 Derivative financial instruments

	Assets US\$'000	Liabilities US\$'000
<u>As at 31 December 2021</u>		
For own account purposes:		
Credit default swaps	2,355	43,051
Foreign currency forward contracts	230,712	152,999
Index futures	24,731	17,713
Bond futures	1,340	13,345
Interest rate swaps	57,338	56,491
Equity swaps	151,634	141,602
Equity options	179,259	318,777
Cross currency swaps	58,178	4,180
Bond fund swaps	126,653	261,898
Foreign currency option	12,267	287
Commodity futures	4,971	-
Warrants	9,300	-
	858,738	1,010,343
For client account purposes:		
Credit default swaps	831	1,889
Foreign currency forward contracts	1	1,418
Index futures	5,726	3,537
Bond futures	423,287	182
Interest rate swaps	6,939	-
Equity swaps	136,249	62,419
Equity options	20,968	10,490
Cross currency swaps	522	37,066
Bond fund swaps	983,669	933,223
Foreign currency option	-	11,984
Commodity futures	292	329
	1,578,484	1,062,537
Total	2,437,222	2,072,880

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

23 Derivative financial instruments (Continued)

	Assets US\$'000	Liabilities US\$'000
<u>As at 31 December 2020</u>		
For own account purposes:		
Credit default swaps	188	813
Foreign currency forward contracts	122,667	48,606
Index futures	15,306	15,485
Bond futures	1,045	854
Interest rate swaps	55,282	86,203
Equity swaps	186,545	199,629
Equity options	205,526	483,795
Cross currency swaps	51,089	1,844
Bond fund swaps	29,893	29,597
Foreign currency option	11,077	1,564
Commodity futures	1,123	31
Credit derivatives	-	624
	679,741	869,045
For client account purposes:		
Credit default swaps	481	220
Foreign currency forward contracts	22,561	74,022
Index futures	1,161	689
Interest rate swaps	32,952	4,106
Equity swaps	830,690	3,348,933
Equity options	16,633	16,849
Cross currency swaps	315	3,342
Bond fund swaps	26,470	13,797
Foreign currency option	-	8,091
	931,263	3,470,049
Total	1,611,004	4,339,094

24 Amounts due to the ultimate holding company

The amounts are unsecured, interest-free and repayable on demand.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

25 Amounts due from/to clients, brokers and clearing houses

	2021	2020
	US\$'000	US\$'000
Current:		
Amounts due from		
- clients (ii)	1,376,188	2,088,992
- brokers (ii)	2,799,240	2,365,051
- clearing houses (ii)	197,294	605,569
Margin receivable (i)	929,671	860,535
Loans receivable arising from business of loans and financing (i)	272	272
Accounts receivable arising from assets management business	5	-
Finance lease receivable	-	4,130
Net investment in sub lease	2	11
	<hr/>	<hr/>
	5,302,672	5,924,560
Less: provision for impairment losses	(9,650)	(8,043)
	<hr/>	<hr/>
	5,293,022	5,916,517
	<hr/>	<hr/>
Total amounts due from clients, brokers and clearing houses	5,293,022	5,916,517
	<hr/> <hr/>	<hr/> <hr/>
Amounts due to		
- clients	9,762,421	6,525,538
- brokers and other counterparties	1,308,039	2,932,447
- clearing houses	110,706	363,612
	<hr/>	<hr/>
Total amounts due to clients, brokers and clearing houses	11,181,166	9,821,597
	<hr/> <hr/>	<hr/> <hr/>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

25 Amounts due from/to clients, brokers and clearing houses (Continued)

Notes:

- (i) The Group applies the HKFRS 9 general approach to measure the expected credit losses for margin receivable and loans receivable arising from business of loans and financing. Note 3.1 (b) provides details about the estimations of the loss allowance.
- (ii) The Group applies the HKFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for amounts due from clients, brokers and clearing houses. Note 3.1 (b) provides details about the estimation of the loss allowance.

26 Cash and bank balances

	2021	2020
	US\$'000	US\$'000
Cash at bank and in hand	2,215,173	1,060,728
Time deposits with banks	221,574	183,852
Total cash and bank balances	<u>2,436,747</u>	<u>1,244,580</u>

27 Cash held on behalf of customers

The Group maintains segregated trust accounts with authorised financial institutions to hold clients' deposits arising from normal course of business.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

28 Bank borrowings

	2021 US\$'000	2020 US\$'000
Non-current		
Bank borrowings (secured)	-	48,986
Current		
Bank borrowings (secured)	25,514	206,534
Bank borrowings (unsecured)	1,110,019	557,985
Bank overdrafts (unsecured)	9	51
	<u>1,135,542</u>	<u>764,570</u>
Total bank borrowings	<u>1,135,542</u>	<u>813,556</u>

As at 31 December 2021 listed securities and investment fund holdings belonging to margin clients of a subsidiary of the Group which engaged in securities brokerage and margin financing businesses, with a total market value of US\$503,615,000 (2020: US\$581,805,000) were pledged to banks as collateral for short-term floating rate bank loans of US\$385,000 (2020: US\$206,534,000) for its margin financing businesses. The remaining secured bank loans were secured by investment properties of US\$33,174,000 (2020: US\$37,955,000).

The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	2021 US\$'000	2020 US\$'000
HKD	405,750	393,588
USD	704,654	370,931
GBP	25,129	48,986
	<u>1,135,533</u>	<u>813,505</u>
Total bank borrowings	<u>1,135,533</u>	<u>813,505</u>

The analysis by currencies and the corresponding effective interest rates at the reporting date are as follows:

	HKD	USD	GBP
<u>As at 31 December 2021</u>			
Bank borrowings	1.13%	1.11%	3.35%
<u>As at 31 December 2020</u>			
Bank borrowings	0.95%	1.29%	4.77%

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

29 Long term borrowings from a fellow subsidiary/ Short term borrowings from fellow subsidiaries

Short term borrowings from fellow subsidiaries are unsecured, interest bearing at a fixed rate of 0.65% - 1.37% per annum and repayable in 2022.

Long term borrowings from a fellow subsidiary with face value of US\$1,000 million. The amounts are unsecured, interest bearing at a fixed rate of 1.93% and 2.12% per annum and repayable in 2023 and 2025 respectively.

30 Reverse repurchase agreements/ Repurchase agreements

The Group enters into Reverse repurchase agreements (“Reverse REPO”) which involve purchasing securities from counterparties and reselling them to the counterparties on a specific future date at a specific price. The Group also enters into Repurchase agreements (“REPO”) which involve selling securities to counterparties and repurchasing them from the counterparties on a specific future date at a specific price.

Financial assets accepted as collaterals

Financial assets are accepted as collaterals as part of “Reverse REPO” arrangements which the Group is permitted to sell or repledge under standard market documentation. The aggregated fair values of financial assets accepted as collaterals that the Group is permitted to sell or repledge in the absence of default amounted to US\$209,756,000 (2020: US\$831,640,000), of which US\$89,645,000 (2020: US\$142,684,000) has been sold or repledged to third parties as at 31 December 2021.

Financial assets placed as collaterals

As at 31 December 2021, the carrying amount and fair value of securities sold under agreements to repurchase was US\$6,190,544,000 (2020: US\$6,012,125,000). These securities are the quoted debt securities and equities included in the financial assets held for trading in the statement of financial position. The counterparty is allowed to sell or repledge those securities sold under repurchase agreements in the absence of default by the Group but has an obligation to return the securities at the maturity of the contracts.

31 Share capital

	Number of shares	Share Capital US\$'000
Ordinary shares, Issued and fully paid:		
As at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	<u>6,516,050,000</u>	<u>839,059</u>

All shares rank pari passu with each other in all respects.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

32 Regulatory reserves

The following amounts were transferred during the year to/(from) the regulatory reserve that are set up by subsidiaries in accordance with regulatory requirements in their respective territories and are not available for distribution.

	2021 US\$'000	2020 US\$'000
Korea	193	348
Philippines	(122)	116
	<u>71</u>	<u>464</u>

33 Deferred tax

The movement on the net deferred tax liabilities account is as follows:

	2021 US\$'000	2020 US\$'000
Beginning of the year	(65,240)	(23,175)
Exchange differences	(597)	(5)
Charged to profit or loss (Note 12)	92,058	(42,060)
End of the year	<u>26,221</u>	<u>(65,240)</u>

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred tax assets of US\$68,452,000 (2020: US\$105,497,000) of which US\$62,919,000 (2020: US\$96,688,000) relates to tax losses amounting to US\$290,150,000 (2020: US\$477,556,000) that can be carried forward against future taxable income.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

33 Deferred tax (Continued)

Deferred tax liabilities of US\$13,660,000 (2020: US\$20,458,000) have not been recognised for withholding taxes that could be payable on the unremitted earnings of certain subsidiaries, as such amounts are currently considered permanently reinvested. Unremitted earnings totalled US\$158,762,000 as at 31 December 2021 (2020: US\$159,251,000).

The movement in deferred tax assets and liabilities to the various balance sheet items, without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

Deferred tax assets	Salaries, allowances, and bonuses US\$'000	Depreciation allowances US\$'000	Tax loss US\$'000	ECL provision on financial assets US\$'000	Others US\$'000	Total US\$'000
At 1 January 2020	9,846	3,602	15,356	-	989	29,793
Recognised in profit or loss	1,241	(2,545)	(14,691)	-	803	(15,192)
Exchange differences	(1)	(9)	(64)	-	90	16
At 31 December 2020	<u>11,086</u>	<u>1,048</u>	<u>601</u>	<u>-</u>	<u>1,882</u>	<u>14,617</u>
At 1 January 2021	11,086	1,048	601	-	1,882	14,617
Recognised in profit or loss	357	538	18,863	3,310	1,647	24,715
Exchange differences	(231)	(6)	(41)	-	(321)	(599)
At 31 December 2021	<u>11,212</u>	<u>1,580</u>	<u>19,423</u>	<u>3,310</u>	<u>3,208</u>	<u>38,733</u>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

33 Deferred tax (Continued)

Deferred tax liabilities	Depreciation allowances US\$'000	Others US\$'000	Intangible assets US\$'000	Total US\$'000
At 1 January 2020	2,457	12,614	37,897	52,968
Recognised in profit or loss	(426)	33,451	(6,157)	26,868
Exchange differences	-	21	-	21
	<u>2,031</u>	<u>46,086</u>	<u>31,740</u>	<u>79,857</u>
At 31 December 2020	<u>2,031</u>	<u>46,086</u>	<u>31,740</u>	<u>79,857</u>
At 1 January 2021	2,031	46,086	31,740	79,857
Recognised in profit or loss	(23)	(45,398)	(21,922)	(67,343)
Exchange differences	-	(2)	-	(2)
	<u>2,008</u>	<u>686</u>	<u>9,818</u>	<u>12,512</u>
At 31 December 2021	<u>2,008</u>	<u>686</u>	<u>9,818</u>	<u>12,512</u>

As at 31 December 2020, deferred tax liabilities arose from others amounted to US\$46,086,000. The balance included deferred tax liabilities on unrealised gain on financial instruments at fair value through profit or loss of US\$ 280,218,000 and deferred tax asset on tax loss of US\$234,132,000, which related to same entity and same tax jurisdiction.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

34 Cash flows information

34.1 Cash generated from / (used in) operations

	2021 US\$'000	2020 US\$'000
Profit before tax	137,567	218,946
Adjustments for:		
Interest income	(106,672)	(114,780)
Finance costs	137,280	126,746
Depreciation	39,281	40,362
Amortisation of intangible assets	17,937	19,462
Share of (profit) / loss from joint ventures	(5,855)	738
Share of loss from associates	799	8,984
Fixed asset written off	1,104	22
Loss/ (gain) on disposal of property, plant and equipment	111	(33)
Gain on disposal of investment properties	(2,597)	(18)
Gain on acquisition of subsidiaries	-	(2,046)
Impairment loss on intangible assets	229,179	11,734
(Reversal of) / impairment loss on investment properties	(6,457)	13,342
Net impairment losses / (gains)	23,989	(5,744)
Changes in working capital:		
Decrease in reverse repurchase agreement	427,737	18,399
Decrease in other non-current loan and receivables	-	3,781
Decrease in membership related deposits on stock and futures exchanges	5,103	-
Increase in financial asset/liabilities at fair value through profit or loss & derivative financial instruments	(2,783,235)	(6,794,070)
Decrease/(increase) in financial asset at fair value through OCI	4,152	(175,310)
Decrease/(increase) in amounts due from clients, brokers and clearing houses	599,506	(1,722,948)
(Increase)/decrease in cash collateral advanced for securities borrowing	(205,368)	6,891
Decrease in other debtors, deposits and prepaid expenses	1,287	16,928
Increase in amounts due to clients, brokers and clearing houses	1,359,569	5,055,287
Increase in bonus payable, creditors and accruals	22,920	39,221
Increase in repurchase agreements	364,313	2,982,583
(Decrease)/increase in amount due to ultimate holding company	(1)	1
Increase in cash held on behalf of customers	(14,593)	(427,537)
Cash generated from / (used in) operations	<u>247,056</u>	<u>(679,059)</u>

34.2 Analysis of cash and cash equivalents

	2021 US\$'000	2020 US\$'000
Cash and bank balances (Note 26)	2,436,747	1,244,580
Bank overdrafts (Note 28)	(9)	(51)
Cash and cash equivalents	<u>2,436,738</u>	<u>1,244,529</u>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

34 Cash flows information (Continued)

34.3 Reconciliation of liabilities arising from financing activities

	Bank and other borrowings US\$'000	Lease Liabilities US\$'000	Borrowings from fellow subsidiaries US\$'000
Net debt as at 1 January 2020	(1,112,590)	(91,971)	(378,717)
Financing cash flows	298,041	32,048	(1,361,625)
New leases	-	(3,274)	-
Lease modifications	-	(38,298)	-
Foreign exchange adjustments	-	(613)	-
Other changes:	-	-	-
Interest expense (Note 10)	(32,835)	(5,648)	(22,469)
Interest payments (Presented as operating cash flows)	33,828	-	22,469
Net debt as at 31 December 2020	<u>(813,556)</u>	<u>(107,756)</u>	<u>(1,740,342)</u>
Net debt as at 1 January 2021	(813,556)	(107,756)	(1,740,342)
Financing cash flows	(322,028)	33,233	(817,282)
New leases	-	(8,044)	-
Lease modifications	-	(4,526)	-
Foreign exchange adjustments	-	(916)	881
Other changes:	-	-	-
Interest expense (Note 10)	(23,730)	(3,573)	(28,542)
Interest payments (Presented as operating cash flows)	23,772	-	28,542
Net debt as at 31 December 2021	<u>(1,135,542)</u>	<u>(91,582)</u>	<u>(2,556,743)</u>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

35 Private placement notes issued to the ultimate holding company

The private placement notes issued to the ultimate holding company are unsecured, of which US\$920,301,000 (2020: US\$924,016,000) are interest-free and repayable on demand, and US\$194,956,000 (2020: nil) are charged at an interest rate of 1.17% per annum (2020: nil). The remaining US\$138,478,000 (2020: US\$334,786,000) are charged at an average interest rate of 2.86% per annum (2020: 2.25% per annum) and repayable in 2023.

36 Commitments

At 31 December 2021, the Group has financial commitments of US\$47,441,000 (2020: US\$57,611,000) arising from having partnership interests in various investment funds.

At 31 December 2021, the Group has underwriting commitments of US\$42,170,000 (2020: Nil) arising from underwriting and placing of securities business.

At 31 December 2021, the Group entered into securities borrowing arrangements with third parties under which it has securities borrowing and lending commitments. The Group had US\$328,878,000 (2020: US\$17,034,000) cash collaterals placed with securities lenders for its borrowing of equity securities of a total market value US\$352,043,000 (2020: US\$22,942,000) and US\$116,052,000 (2020: US\$47,310,000) cash collaterals received from securities borrowers for their borrowing of equity securities of a total market value US\$99,154,000 (2020: US\$61,670,000).

At 31 December 2021, the Group has unrecognised deferred bonus commitments of US\$54,352,000 (2020: US\$33,437,000) payable to staff subject to various vesting and claw-back period conditions.

At 31 December 2021, the Group has unrecognised gratuity commitments of US\$3,969,000 (2020: US\$2,558,000) payable to staff subject to various vesting and claw-back period conditions.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

37 Related-party transactions

37.1 Consolidated balance sheet items

	Note	2021 US\$'000	2020 US\$'000
Right-of-use assets granted to the fellow subsidiaries		8,090	7,143
Financial assets at fair value through profit and loss			
- fellow subsidiaries		-	1,583
- joint venture		-	4,411
Derivative financial assets			
- ultimate holding company		1,205,725	837,011
- fellow subsidiaries		2,848	-
Amounts due from clients, brokers and clearing houses			
- ultimate holding company		3,771	3,774
- fellow subsidiaries		193,727	-
Other debtors, deposits and prepaid expenses			
- fellow subsidiaries		1,611	96
- related companies		2,795	2,273
Investment in associates in fellow subsidiaries		64,381	13,683
Cash and cash equivalents placed in a bank related to the ultimate holding company		25,591	3,819
Cash held on behalf of customers placed in a bank related to the ultimate holding company		707,198	840,870
Financial liabilities at fair value through profit or loss to fellow subsidiaries		15,952	-
Financial liabilities at fair value through profit or loss			
- ultimate holding company		(2,411,186)	(1,280,426)
- fellow subsidiaries		(2,067)	-
Derivative financial liabilities			
- ultimate holding company		(998,568)	(3,268,969)
Amount due to group companies			
- ultimate holding company		(125)	(126)
Amount due to clients, brokers and clearing houses			
- ultimate holding company		(3,236,990)	(3,124,730)
- fellow subsidiaries		(2)	(26,330)
Creditors and other accruals			
- ultimate holding company		-	(3,589)
- fellow subsidiaries		(4,796)	(3,445)
Long term borrowings from a fellow subsidiary	29	(996,583)	(994,285)
Short term borrowings from fellow subsidiaries	29	(1,560,160)	(746,057)
Lease liabilities from fellow subsidiaries		(8,388)	(7,152)
Private placement notes issued to ultimate holding company	35	(1,253,735)	(1,258,802)

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

37 Related-party transactions (Continued)

37.2 Consolidated statement of comprehensive income items

	Note	2021 US\$'000	2020 US\$'000
Corporate advisory from:			
- ultimate holding company		8	2,853
- fellow subsidiaries		933	2,045
Brokerage commission from:			
- ultimate holding company		-	124
- fellow subsidiaries		28	141
Other income from:			
- fellow subsidiaries	8	407	176
- related companies	8	10,464	5,317
Net interest income from:			
- ultimate holding company		-	-
- fellow subsidiaries		914	4,704
Share of gains of associate		(1,774)	(429)
Underwriting commission and placement fee and sponsorship income from fellow subsidiaries		1,428	-
Employee benefit expenses paid to fellow subsidiaries		(21)	-
Brokerage commission expense			
- ultimate holding company		(8,814)	-
- fellow subsidiaries		(86)	-
Share of gains of joint ventures		-	60
Information services and communication expenses paid to fellow subsidiaries		(213)	(290)
Net settlement charge paid to ultimate holding company		(939)	-
Other operating expenses paid to:			
- fellow subsidiaries		(3,039)	(2,363)
Finance costs paid to:			
- ultimate holding company		(6,427)	(9,582)
- fellow subsidiaries		(28,768)	(22,864)

Note:

The fee received and expenses paid are on normal commercial terms.

37.3 Key management compensation

(a) Key management compensation

	2021 US\$'000	2020 US\$'000
Salaries and other short-term employee benefits	19,154	19,698
Post-employment benefits	284	-
Termination benefits	-	282
Other long-term benefits	481	295
	<u>19,919</u>	<u>20,275</u>

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

37 Related-party transactions (Continued)

37.3 Key management compensation (Continued)

(b) Loans advanced to key management

The Group provided loans to key management personnel during the year as follows:

	2021 US\$'000	2020 US\$'000
Loans to key management	-	-
Loans to key management in respect of co-investment arrangements in investments funds (Note 39.4)	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

(c) Other commitments

	2021 US\$'000	2020 US\$'000
Unrecognised committed employee benefits	2,445	1,762
	<u>2,445</u>	<u>1,762</u>

37.4 Co-investment arrangements in investment funds

In relation to the Group's investment funds business, the Group operates certain co-investment arrangements in some investment funds currently managed by the Group.

Under these arrangements, certain eligible staff are allowed to invest in these funds and the terms are defined in the respective funds' agreements. The directors consider the overall committed co-investments to be insignificant in terms of the respective size of funds under the Group's management.

The Group provides financial support to those eligible staff to a maximum of 50% of their committed amounts for investing in those funds. The loan is interest bearing. The eligible staff are required to fully repay the loan upon termination of employment. The loan is secured by staff's respective fund investment. At 31 December 2021, the total amounts committed by the Group under these arrangements was US\$17,320,500 (2020: US\$17,855,000) and the total amounts utilised was US\$4,654,000 (2020: US\$10,529,000).

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

38 Directors' remuneration

Benefits and interests of directors disclosed pursuant to section 383 of the Hong Kong Company Ordinance (Cap.622G), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap 622G) is as follows:

	2021	2020
	US\$'000	US\$'000
Fees	-	-
Other emoluments:		
Salaries, bonuses, allowance and other non-cash benefits	3,695	3,135
Pension scheme contributions	43	41
Other long-term benefits	130	-
Termination benefits	-	10
	<u>3,868</u>	<u>3,186</u>

Note: Other benefits include leave paid, insurance premium and club membership.

During the years ended 31 December 2021 and 2020, all emoluments paid were related to a person's services as a director, whether of the Company or its subsidiary undertaking. There were no emoluments paid to in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking.

During the year ended 31 December 2021, there was no payment made as compensation for the early termination of the appointment and no consideration was provided to third parties for making available directors' services (2020: Nil).

There were no significant transactions, arrangements and contracts in relation to the Group's business to which the 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 (2020: Nil).

There were no loans, quasi-loans and other dealings entered into by the Company or subsidiary undertaking of the Company in favour of directors of Company and of the holding company of the Company, controlled bodies corporate by and connected entities with such directors.

39 Subsequent events

There have been no events subsequent to 31 December 2021 which require adjustment or disclosure in the financial statements in accordance with HKFRSSs.

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

40 Balance Sheet of the Company

	2021	2020
	US\$'000	US\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	132	28
Right-of-use assets	62,034	-
Investments in subsidiaries	1,697,246	1,707,007
Subordinated loan due from a subsidiary	128,260	129,003
Other assets	157	153
Deferred tax assets	144	16
	<hr/>	<hr/>
Total non-current assets	1,887,973	1,836,207
	<hr/>	<hr/>
CURRENT ASSETS		
Prepayments, deposits and other receivables	8,674	2,991
Loan due from subsidiaries	354,381	344,604
Due from subsidiaries	395,711	385,017
Cash and cash equivalents	11,762	7,448
Tax recoverable	251	488
	<hr/>	<hr/>
Total current assets	770,779	740,548
	<hr/>	<hr/>
CURRENT LIABILITIES		
Due to subsidiaries	27,652	57,578
Loan due to subsidiaries	327,949	137,694
Due to the ultimate holding company	125	126
Other payables and accruals	20,386	12,213
Bank overdrafts	-	151,223
Interest-bearing bank borrowings	12,826	-
Private placement notes issued to the ultimate holding company	1,115,257	924,016
Lease Liabilities	58,017	-
Tax payable	1,375	122
	<hr/>	<hr/>
Total current liabilities	1,563,587	1,282,972
	<hr/>	<hr/>
NET CURRENT LIABILITIES	(792,808)	(542,424)
	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES	1,095,165	1,293,783
	<hr/> <hr/>	<hr/> <hr/>

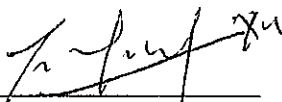
CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

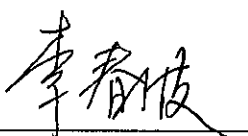
40 Balance Sheet of the Company (Continued)

	2021 US\$'000	2020 US\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,095,165</u>	<u>1,293,783</u>
NON-CURRENT LIABILITIES		
Private placement notes issued to the ultimate holding company	<u>138,478</u>	<u>334,786</u>
Total non-current liabilities	<u>138,478</u>	<u>334,786</u>
Net assets	<u>956,687</u>	<u>958,997</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	839,059	839,059
Other reserves (Note (a))	<u>117,628</u>	<u>119,938</u>
Total equity	<u><u>956,687</u></u>	<u><u>958,997</u></u>

The balance sheet of the Company was approved by the Board of Directors on 28 March 2022 and was signed on its behalf



Director



Director

CITIC SECURITIES INTERNATIONAL COMPANY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

40 Balance Sheet of the Company (Continued)

Note (a): Reserve movement of the Company

	Other reserves US\$'000
At 1 January 2020	114,590
Profit for the year	1,083
Effect of change in foreign exchange rate	4,265
	<hr/>
At 31 December 2020	119,938
Profit for the year	3,211
Effect of change in foreign exchange rate	(5,521)
	<hr/>
At 31 December 2021	<u>117,628</u>

41 Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Directors on 28 March 2022.

REGISTERED OFFICES

ISSUER

CSI MTN Limited
Kingston Chambers
PO Box 173, Road Town, Tortola
British Virgin Islands

GUARANTOR

**CITIC Securities International
Company Limited**
中信証券國際有限公司
26th Floor CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

AUDITOR OF THE GUARANTOR

PricewaterhouseCoopers
*Certified Public Accountants and
Registered Public Interest Entity Auditor*
22/F Prince's Building
Central
Hong Kong

TRUSTEE

Citicorp International Limited
20/F, Citi Tower
One Bay East
83 Hoi Bun Road
Kwun Tong
Kowloon
Hong Kong

REGISTRAR

Citicorp International Limited
9/F, Citi Tower
One Bay East
83 Hoi Bun Road
Kwun Tong
Kowloon
Hong Kong

ISSUING AND PAYING AGENT AND TRANSFER AGENT IN RESPECT OF NOTES OTHER THAN CMU NOTES

Citibank, N.A., London Branch
c/o Citibank, N.A.,
Dublin Branch
1 North Wall Quay
Dublin 1
Ireland

CMU LODGING AND PAYING AGENT AND TRANSFER AGENT IN RESPECT OF CMU NOTES

Citicorp International Limited
9/F, Citi Tower
One Bay East
83 Hoi Bun Road
Kwun Tong
Kowloon
Hong Kong

LEGAL ADVISERS TO THE ISSUER AND THE GUARANTOR

As to Hong Kong law and English law

Ashurst Hong Kong
11/F., Jardine House
1 Connaught Place
Central
Hong Kong

As to British Virgin Islands law

Maples and Calder (Singapore) LLP
1 Raffles Place #36-01
One Raffles Place
Singapore 048616

LEGAL ADVISER TO THE DEALERS

Linklaters
11th Floor, Alexandra House
Chater Road
Hong Kong

LEGAL ADVISERS TO THE TRUSTEE

Linklaters
11th Floor, Alexandra House
Chater Road
Hong Kong