



CITIC Securities International
Company Limited

Consolidated financial statements
for the year ended 31 December 2025

CONTENTS**Pages**

Report of the directors	1 – 4
Independent auditor's report	5 – 8
Audited consolidated financial statements	
Consolidated statement of profit or loss and comprehensive income	9 – 10
Consolidated statement of financial position	11 – 13
Consolidated statement of cash flows	14 – 15
Consolidated statement of changes in equity	16 – 17
Notes to consolidated financial statements	18 – 103

Report of the directors

The directors submit herewith their annual 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 2025.

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.

Recommended dividend

The directors do not recommend the payment of dividend in respect of the year ended 31 December 2025 (2024: US\$Nil).

Share capital

Details of the movements in share capital of the Company are set out in note 30 to the consolidated financial statements.

Charitable contributions

Charitable contributions made by the Group during the year amounted to US\$15,000 (2024: US\$67,000).

Directors

(a) *Directors of the Company*

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

Mr. LI Chunbo, Chairman	
Mr. SHI Benliang	(resigned on 27 February 2026)
Mr. XU Jianqiang	
Mr. PARK Edward	
Mr. YU Yang	(resigned on 27 February 2026)
Mr. ZHU Yexin	(appointed on 27 February 2026)
Mr. CHEN Zhiming	(appointed on 27 February 2026)
Mr. YUAN Feng	(appointed on 27 February 2026)

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:

Akhilesh GUPTA *	Gregg RIEBER *	LIU Liang *
Alan Damian DWERRYHOUSE	Hartly MIGNON	LIU Xinguo
Alexander Eugene DIDENKOWSKI	HOU Yueyang	LYU Jingwei
Alfred O. DY	HU Baifeng	Ma. Martha A. de DIOS
An soon YOO	HUNG Ying Yeung	Mayur Namdeo MESHARAM
Bradley SCHWARTZ	James David MCINTOSH	Megumi KIYOZUKA
CHAN Chi Chuen	Jeremy Dalton D'SLYVA	Michael FROST
CHEN Jiachun	Jeremy David COLLARD	MIN Peter Jae Sun
CHEN Weiwei	JIA Wei	Morten PAULSEN
CHEN Zhiming	Kazunari OHASHI	Novita TJIA
CHENG Yiu Wa	KIM Jae Min	NSM Limited
CHEUNG Yiu Lun	KIM Jong Min *	Odette Rachelle C. PADRE- ISIP
Chirag KAKARIYA	LEE Chia Huan	Oliver MATTHEW
CHIU Kin Ki	Li Chunbo	OSM Limited
CLSACP Holdings Ltd.	LI Hang	Paolo Antonio AZURIN
Daniel Thian Liong OEN	LI Jiong	Patrick FLATON
Darragh COMER	LI Kai	Philippe BREDEL *
DENG Li	LI Tinging	Piyathida KITTITHAMVONGS
Douglas REGINALD BURTON-CANTLEY	LIEW Ching San	Pradeep Venkatraman HEGDE
Edward PARK	LIM Foo Hin	QIN Qian
Eileen Rosario CORDERO- BATAAC	LIM Han Pin	Ramon G. Opulencia
FAN Ping Lun Alan	LIM Kit Yng *	Richard Paul ZIEGLER
FENG Shu	Lim Sutjianto SJARIFUDIN	Rohit BHATTACHARJEE *
Floris LEDDER	LIU Jing	Ruby Margaret Tan LAO

Directors (continued)

Samir KOGAR	TAN Ming Yi	YU Yang
Seungjoo RO	Toshihide MATSUMOTO	YUAN Feng
SHEN Chen	Vaibhav Vishnudas TOTLA *	YUAN Ransi
SHI Benliang	Vijayabalan MURUGESU	ZHANG Dayu *
Simon Christopher HEMPEL	Vishal Suryakant PATEL	ZHANG Huizi
Simon COWEN	WANG Rui	ZHANG Zheng
Sonal JAIN	William Charles HOLUB	ZHANG Ziyao
SUN Peitao	WU Shuangyi	ZHENG Ying
SUN Yi	XU Jianqiang	
TAN Chung Keat Eric	YANG Lin	

* 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 2025 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' interests in transactions, arrangements and contracts

No transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company or entities connected with the director had a material interest, 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

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout this year. The Company has also maintained for the directors insurance against certain liabilities in relation to the Company and its associates. The coverage and the sum insured under the policy are reviewed annually.

Auditor

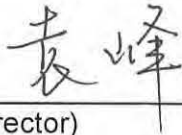
KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



(Director)

16 March 2026



(Director)

16 March 2026



Independent auditor's report to the members of CITIC Securities International Company Limited

(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of CITIC Securities International Company Limited ("the Company") and its subsidiaries ("the Group") set out on pages 9 to 103, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Independent auditor's report to the members of CITIC Securities International Company Limited (continued)

(incorporated in Hong Kong with limited liability)

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



Independent auditor's report to the 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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, 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 HKSA's 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 HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



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)**

- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

The engagement partner on the audit resulting in this independent auditor's report is Chui, Ming Wai, Vivian (practising certificate number: P04860).

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

16 March 2026

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025

	Notes	2025 US\$'000	2024 US\$'000
Fee and commission income	5	770,838	530,124
Net trading income	6	2,143,968	1,296,577
Interest income	7	426,459	317,217
Other income	8	227	118,598
Total operating income		<u>3,341,492</u>	<u>2,262,516</u>
Staff costs	9	(454,915)	(376,039)
Finance costs	10	(938,279)	(707,981)
Other operating expenses	11	(769,364)	(530,945)
Net impairment losses	3.1(b)(ii)	(47,803)	(1,727)
Total operating expenses		<u>(2,210,361)</u>	<u>(1,616,692)</u>
Operating profit		1,131,131	645,824
Share of gains of joint ventures	18	2,376	1,386
Share of gains of associates	19	22,741	8,165
Loss on disposal of a subsidiary	35	(10)	-
Profit before tax		<u>1,156,238</u>	<u>655,375</u>
Tax expense	12	(242,972)	(124,900)
Profit for the year		<u>913,266</u>	<u>530,475</u>

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025 (continued)

	Notes	2025 US\$'000	2024 US\$'000
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Changes in the fair value of debt instruments at fair value through other comprehensive income, net of tax		14,190	(2,884)
Foreign exchange translation differences		10,400	(14,112)
<i>Items that will not be reclassified to profit or loss</i>			
Foreign exchange translation differences	40	(171)	(3,932)
Remeasurements of defined benefit plan obligations, net of tax		281	(25)
Changes in the fair value of equity investments designated at fair value through other comprehensive income, net of tax		26,500	6,800
Total other comprehensive income, net of tax		51,200	(14,153)
Total comprehensive income for the year		964,466	516,322
Profit attributable to:			
Equity holders of the Company		912,733	528,294
Non-controlling interests		533	2,181
		913,266	530,475
Total comprehensive income attributable to:			
Equity holders of the Company		963,845	514,916
Non-controlling interests		621	1,406
		964,466	516,322

The notes on pages 18 to 103 form part of these financial statements.

Consolidated statement of financial position at 31 December 2025

	Notes	2025 US\$'000	2024 US\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	44,769	40,434
Right-of-use assets	16	136,832	95,815
Investment properties	17	22,871	23,223
Goodwill	14(a)	73,351	73,351
Intangible assets	14(b)	5,202	4,413
Investments in joint ventures	18	2,571	2,295
Investments in associates	19	200,458	176,098
Financial assets measured at fair value through profit or loss	22	35,825	64,957
Financial assets measured at fair value through other comprehensive income	21	835,737	660,689
Deferred tax assets	32	28,409	43,074
Other assets		62,098	58,065
		1,448,123	1,242,414
Current assets			
Financial assets measured at fair value through profit or loss	22	36,622,694	30,006,852
Financial assets measured at fair value through other comprehensive income	21	2,308,435	1,726,799
Derivative financial instruments	23	2,847,844	3,185,525
Amounts due from clients, brokers and clearing houses	24	17,766,451	10,140,191
Short term borrowing to group companies	28	525,164	24,681
Reverse repurchase agreements	29	249,591	245,329
Tax recoverable		6,757	25,736
Cash collateral advanced for securities borrowing		1,502,927	586,011
Other debtors, deposits and prepaid expenses		110,779	57,454
Cash held on behalf of customers	26	2,210,037	1,187,192
Cash and bank balances	25	2,362,864	2,173,442
		66,513,543	49,359,212
Assets classified as held for sale	34(b)	-	36,028
		66,513,543	49,395,240
Total assets		67,961,666	50,637,654

Consolidated statement of financial position at 31 December 2025 (continued)

	Notes	2025 US\$'000	2024 US\$'000
LIABILITIES			
Non-current liabilities			
Financial liabilities measured at fair value through profit or loss	22	64,046	16,102
Deferred tax liabilities	32	6,642	6,726
Creditors and other accruals		27,438	23,386
Repurchase agreements	29	26,709	67,482
Lease liabilities	16	123,897	80,664
Long term borrowings from group companies	28	1,344	1,593
Debt instrument issued	36	1,967,043	1,546,625
		2,217,119	1,742,578
Current liabilities			
Financial liabilities measured at fair value through profit or loss	22	20,387,565	13,789,524
Derivative financial instruments	23	4,331,444	2,730,096
Amounts due to clients, brokers and clearing houses	24	19,960,167	13,005,489
Bank borrowings	27	3,838,212	1,974,295
Short term borrowings from group companies	28	1,015,472	783,473
Repurchase agreements	29	10,685,714	12,505,281
Lease liabilities	16	21,323	21,071
Creditors and other accruals		276,204	224,246
Tax payable		208,713	153,800
Debt instrument issued	36	931,197	560,451
		61,656,011	45,747,726
Liabilities directly associated with assets classified as held for sale	34(b)	-	4,566
		61,656,011	45,752,292
Total liabilities		63,873,130	47,494,870
Net assets		4,088,536	3,142,784

Consolidated statement of cash flows for the year ended 31 December 2025

	Notes	2025 US\$'000	2024 US\$'000
Cash flows from operating activities			
Cash (used in)/generated from operations	33.1	(741,957)	1,018,328
Interest received		425,699	316,188
Interest paid		(668,174)	(472,635)
Taxes paid		(150,389)	(51,953)
		(1,134,821)	809,928
Cash flows from investing activities			
Purchase of intangible assets		(513)	(194)
Purchase of property, plant and equipment		(19,258)	(17,904)
Proceeds from disposal of property, plant and equipment		1,115	15
Increase in financial assets measured at fair value through other comprehensive income		(747,692)	(2,168,915)
(Increase)/decrease in short-term deposit		(18,740)	5,208
Capital injection in associates		(27,444)	(27,954)
Proceeds from return of capital from associates		11,240	7,945
Dividends received from associates		99	3,207
Dividends received from joint ventures		2,100	1,500
Proceeds from disposal of an associate		20,179	22,357
Loans to fellow subsidiaries		(499,729)	(25,922)
Net cash outflow in respect of disposal group classified as held for sale		-	(26,534)
Proceeds from disposal of subsidiary	35	12,598	-
		(1,266,045)	(2,227,191)
Cash flows from financing activities			
Proceeds from issue of shares	30	-	916,981
Lease payments			
- Capital elements	33.3	(23,672)	(24,563)
- Interest elements	33.3	(5,548)	(4,913)
Interest paid	33.3	(282,251)	(176,751)
Proceeds from borrowings	33.3	427,796	724,422
Repayments of borrowings	33.3	(236,527)	(627,097)
Repayments of private placement notes issued to the parent company	33.3	-	(919,291)
Proceeds from debt issued	33.3	764,073	1,325,040
Proceeds from bank borrowings	33.3	2,042,208	951,272
Repayments of bank borrowings	33.3	(183,943)	(75,880)

Consolidated statement of cash flows for the year ended 31 December 2025 (continued)

	<i>Notes</i>	2025 US\$'000	2024 US\$'000
Net cash flow generated from financing activities		<u>2,502,136</u>	<u>2,089,220</u>
Net increase in cash and cash equivalents		101,270	671,957
Cash and cash equivalents at the beginning of the year		2,113,664	1,489,437
Effect of changes in foreign exchange rates		<u>65,066</u>	<u>(47,730)</u>
Cash and cash equivalents at the end of the year	33.2	<u>2,280,000</u>	<u>2,113,664</u>

The notes on pages 18 to 103 form part of these financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2025

	Attributable to equity shareholders of the Company						Sub-Total US\$'000	Non- controlling Interest US\$'000	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			
Balance at 1 January 2025	1,756,040	1,516,377	2,583	(3,685)	(20,299)	(130,351)	3,120,665	22,119	3,142,784
Profit for the year	-	912,733	-	-	-	-	912,733	533	913,266
Other comprehensive income	-	262	-	48	40,428	10,374	51,112	88	51,200
Total comprehensive income	-	912,995	-	48	40,428	10,374	963,845	621	964,466
Transfer between reserves	-	85	(85)	-	-	-	-	-	-
Disposal of equity interest in subsidiaries (Note 35)	-	-	-	-	-	-	-	(12,913)	(12,913)
Others	-	-	-	-	-	-	-	(5,801)	(5,801)
Transactions recognised directly in equity	-	85	(85)	-	-	-	-	(18,714)	(18,714)
Balance at 31 December 2025	<u>1,756,040</u>	<u>2,429,457</u>	<u>2,498</u>	<u>(3,637)</u>	<u>20,129</u>	<u>(119,977)</u>	<u>4,084,510</u>	<u>4,026</u>	<u>4,088,536</u>

The notes on pages 18 to 103 form part of these financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2025 (continued)

	<i>Attributable to equity shareholders of the Company</i>								<i>Total</i> US\$'000
	<i>Share capital</i> US\$'000	<i>Retained earnings</i> US\$'000	<i>Regulatory reserves</i> US\$'000	<i>Other reserves</i>			<i>Sub-Total</i> US\$'000	<i>Non-controlling Interest</i> US\$'000	
				<i>Capital and other reserve</i> US\$'000	<i>Revaluation reserve</i> US\$'000	<i>Foreign exchange translation reserve</i> US\$'000			
Balance at 1 January 2024	839,059	987,668	2,486	(3,624)	(23,703)	(113,118)	1,688,768	21,205	1,709,973
Profit for the year	-	528,294	-	-	-	-	528,294	2,181	530,475
Other comprehensive income	-	512	-	(61)	3,404	(17,233)	(13,378)	(775)	(14,153)
Total comprehensive income	-	528,806	-	(61)	3,404	(17,233)	514,916	1,406	516,322
Issue of shares	916,981	-	-	-	-	-	916,981	-	916,981
Transfer between reserves	-	(97)	97	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	(492)	(492)
Transactions recognised directly in equity	916,981	(97)	97	-	-	-	916,981	(492)	916,489
Balance at 31 December 2024	1,756,040	1,516,377	2,583	(3,685)	(20,299)	(130,351)	3,120,665	22,119	3,142,784

The notes on pages 18 to 103 form part of these financial statements.

Notes to the consolidated financial statements

(Expressed in United States dollars unless otherwise indicated)

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 holding company or parent 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 Material accounting policies

2.1 Statement of compliance and basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the requirements of the Hong Kong Companies Ordinance. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group's interest in associates and joint venture.

2 Material accounting policies (continued)

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following:

- Certain financial assets and liabilities (including derivative instruments) – measured at fair value or revalued amount (Note 2.8 & 2.9);
- Defined benefits pension plans – plan asset measured at fair value (Note 2.15(c))

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 34).

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

(c) Updates in accounting policies

(i) New and amended HKFRS Accounting Standards

The Group has applied amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 Material 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.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses.

(b) Transactions with non-controlling interests

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Group. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Group.

2 Material accounting policies (continued)

(b) Transactions with non-controlling interests (continued)

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group.

(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 statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures are included in the consolidated statement of profit or loss and 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 profit or loss and comprehensive income.

In the Company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses.

2 Material accounting policies (continued)

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 dollar. As the Group operates internationally, management considers that it is more appropriate to use United States dollar ("US dollar"), a globally recognised currency, as the presentation currency for the Group's consolidated financial statements. For the entity whose functional currency is not US dollar, its results and financial position have been translated into US dollar.

(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.

All foreign exchange gains and losses are presented in the consolidated statement of profit or loss and comprehensive income on a net basis within other income/(expense).

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.

2 Material accounting policies (continued)

(c) Group companies (continued)

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.

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. Leasehold improvements are depreciated using the shorter of remaining lease terms and useful lives. For other items including computer hardware and software, furniture and fittings, motor vehicles, as well as telecommunication equipment, the Group has adopted 3 to 5 years useful lives for depreciation.

Depreciation method, 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.

2 Material 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. An impairment loss in respect of goodwill is not reversed.

(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.

2 Material 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 recognised when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. 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.

Financial assets and financial liabilities 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 or does not have rights to defer settlement for at least twelve months.

2 Material accounting policies (continued)

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

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

Debt instruments

The Group classifies its debt instruments into one of the following three measurement categories:

Amortised 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 amortised cost. The carrying amount of these assets is adjusted by an expected credit loss allowance recognised and measured as described in note 3.1(b).

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. The difference between the fair value and the amortised cost 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 amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "net trading income".

FVTPL: Assets that do not meet the criteria for amortised 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 recognised 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.

2 Material accounting policies (continued)

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.

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' 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.

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. Such elections are made on an instrument-by-instrument basis, but may only be made if the investments meets the definition of equity from the issuer's perspective. The subsequent changes in fair value are recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses accumulated in the fair value reserve to profit or loss or retained earnings following derecognition of equity movements designated at FVOCI. Dividends, when representing a return on such investments, continue to be recognised 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 recognised in profit or loss and presented in net trading income.

2 Material accounting policies (continued)

Impairment

The Group assess on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments. The Group recognises 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.

2.8.2 Financial liabilities

Classification and measurement

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

- Financial liabilities measured at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expenses, are recognized in profit or loss. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized 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 recognised for the consideration received for the transfer. In subsequent period, the Group recognises 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 parent company, bank borrowings, repurchase agreements, financial liabilities measured at fair value through profit or loss, interest-bearing bank borrowings, private placement notes issued to the parent company.

2 Material accounting policies (continued)

2.9 Derivative financial instruments and hedging activities

Initial recognition and subsequent measurement

The Group uses certain derivative financial instruments to manage its interest rate risk exposure. 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. Trading derivatives are classified as current assets or liabilities. Changes in the fair value of these derivative financial instruments are recognised immediately in profit or loss.

2.10 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position 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 statement of financial position 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 Material accounting policies (continued)

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 statement of financial position, bank overdrafts are shown within bank borrowings in current liabilities.

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 37 to the consolidated financial statements.

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 profit or loss and 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.

2 Material accounting policies (continued)

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.

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, including vesting periods of at least 3 years generally.

(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.

(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.

2 Material 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 profit or loss and 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 from cash and bank balances, cash collateral advanced for securities borrowing, reverse repurchase agreements, debt investments measured at FVOCI, is calculated using amortised cost and effective interest rate;;
- (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;

2 Material accounting policies (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.

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.

2 Material accounting policies (continued)

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.

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). 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.

2 Material accounting policies (continued)

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.

2.21 Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity

2 Material accounting policies (continued)

2.22 Share capital

Ordinary shares are classified as equity.

2.23 Disposal group held for sale

Non-current assets, or disposal group comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to deferred tax assets, employee benefits assets, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties, which continue to be measured in accordance with the group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution. And subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

3 Financial risk management and fair values of financial instruments

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 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 overseen by the Group's Risk Management Committee ("RC") which comprises the 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.

(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.

3 Financial risk management and fair values of financial instruments (continued)

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 DV01 and Spread DV01 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.

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\$10,269,639 (2024: US\$17,399,294).

3 Financial risk management and fair values of financial instruments (continued)

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

	2025 US\$	2024 US\$
Equity risk	3,335,900	5,307,172
Foreign exchange risk	3,778,740	6,714,079
Interest rate risk	11,103,963	12,927,210
Vega risk	1,846,646	3,988,036
Commodity risk	2,290,319	1,341,596
Total VaR *	10,269,639	17,399,294

* 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 such that any abnormal behaviour of the model can be addressed accordingly. Back-testing result falls in green zone with 2 exceptions observed during the year.

(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 US dollar. Foreign exchange risk arises from fluctuations in exchange rates of non-domestic currency rates.

Management sets guidelines on the level of net exposure by currency and actively manage the exposure of each currency. The Treasury Department is 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 US dollar.

3 Financial risk management and fair values of financial instruments (continued)

Exposure and sensitivity

The tables below detailed the Group's exposure at the end of the reporting period to currency risk arising significant foreign current exposure. The amounts of the exposure are show in US\$, translated using the spot rate at the year end date. The analysis calculates the effect of a reasonably possible movement in the exchange rate against the functional currency of each entity within the group, with all other variables held constant. The analysis is performed on the same basis for 2024.

Foreign currency As at 31 December	Net Exposure		Assumed change in exchange rates	Estimated Impact on Pre-tax profit		Estimated Impact on Equity	
	2025 US\$'000	2024 US\$'000		2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Australian dollar	24,203	17,534	+5%	77	45	1,210	877
Indian rupee	84,615	62,265	+5%	18	103	4,231	3,113
Indonesian rupee	36,584	42,377	+5%	3	75	1,829	2,119
Japanese yen	61,038	39,069	+5%	436	(267)	3,052	1,953
Korean won	106,320	77,099	+5%	1,153	1	5,316	3,855
Malaysian ringgit	20,983	13,457	+5%	(29)	(21)	1,049	673
Philippines peso	17,333	15,956	+5%	(27)	(65)	867	798
Renminbi	246,290	302,222	+5%	13,107	15,943	12,315	15,111
Singaporean dollar	1,717	1,779	+5%	86	89	86	89
Sterling	127,144	103,711	+5%	505	271	6,357	5,186
Thai baht	55,734	55,257	+5%	100	4	2,787	2,763
	<u>781,961</u>	<u>730,726</u>		<u>15,429</u>	<u>16,178</u>	<u>39,099</u>	<u>36,537</u>

(ii) Interest rate risk

The Group's interest rate risk is the risk of fluctuation in the fair value of one or more financial instruments arising from adverse movements in interest rates. The Group's interest rate risk mainly sources from the volatility of fair value of financial instruments held by the Group which are sensitive to the interest rate risk, resulting from market interest rate's negative fluctuation.

The Group uses interest rate sensitivity analysis as the principal tool to monitor interest rate risk. The use of interest rate sensitivity analysis assumes all other variables remain constant, but changes in the fair value of financial instruments held at the end of the measurement period may impact the Group's pre-tax profit and total equity when interest rates fluctuate reasonably and possibly.

3 Financial risk management and fair values of financial instruments (continued)

Assuming a parallel shift in market interest rates and without taking into consideration of the management's activities to reduce interest rate risk, the impact of such a shift on pre-tax profit and shareholders' equity based on an interest rate sensitivity analysis of the Group is as follows:

Impact on pre-tax profit

	2025 US\$000	2024 US\$000
+100 basis points	(179,489)	(155,925)
- 100 basis points	<u>179,489</u>	<u>155,925</u>

Impact on equity

	2025 US\$000	2024 US\$000
+100 basis points	(156,405)	(138,657)
- 100 basis points	<u>156,405</u>	<u>138,657</u>

In practice, the actual results may differ from the above sensitivity analysis and the difference could be significant. The analysis is performed on the same basis for 2024.

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.

3 Financial risk management (continued)

(b) Credit risk

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 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.

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

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

3 Financial risk management (continued)

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

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 summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the Group;
- If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to "Stage 2" 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;

3 Financial risk management (continued)

- for debt investments at fair value through other comprehensive income — significant deteriorations but is not yet deemed to be credit-impaired between the investment's initial external or internal credit rating and the credit rating at the reporting date. Debt investments at 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 3". 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.

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 1, 2 or 3 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 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.

3 Financial risk management (continued)

For margin financing, ECL is the 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.

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 for the purpose of estimating expected credit losses.

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 1), or a probability weighted lifetime ECL (Stages 2 and 3).

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.

3 Financial risk management (continued)

The closing loss allowances for amounts due from clients, brokers and clearing houses as at 31 December 2025 reconcile to the opening loss allowances as follows:

	<i>Amounts due from clients, brokers and clearing houses</i>			
	<i>Simplified approach</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>
	<i>Lifetime ECL</i> US\$000	<i>12-month ECL</i> US\$000	<i>Lifetime ECL</i> US\$'000	<i>Lifetime ECL</i> US\$000
Loss allowance as at 1 January 2024	9,860	-	1	7,868
Increase in loss allowance recognised in profit or loss during the year	4,432	-	96	12
Reversal of impairment losses	(34)	-	-	-
Direct write off	(174)	-	-	-
Exchange differences	1	-	-	42
As at 31 December 2024 and 1 January 2025	<u>14,085</u>	<u>-</u>	<u>97</u>	<u>7,922</u>
Increase in loss allowance recognised in profit or loss during the year	6,318	15,680	-	12
Reversal of impairment losses	(1,698)	-	(93)	-
Direct write off	-	-	-	-
Exchange differences	366	2	(1)	(12)
As at 31 December 2025	<u>19,071</u>	<u>15,682</u>	<u>3</u>	<u>7,922</u>

The closing loss allowances for debt investments at fair value through other comprehensive income as at 31 December 2025 reconcile to the opening loss allowances as follows:

	<i>Debt investments at fair value through other comprehensive income</i>		
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>
	<i>12-month ECL</i> US\$'000	<i>Lifetime ECL</i> US\$'000	<i>Lifetime ECL</i> US\$'000
Loss allowance as at 1 January 2024	2,532	-	46,035
Reversal of impairment losses	(658)	-	(2,557)
As at 31 December 2024 and 1 January 2025	<u>1,874</u>	<u>-</u>	<u>43,478</u>
Increase in debt investments loss allowance recognised in profit or loss during the year	25,045	-	2,557
As at 31 December 2025	<u>26,919</u>	<u>-</u>	<u>46,035</u>

3 Financial risk management (continued)

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

	<i>Gross exposure US\$'000</i>	<i>Impairment allowance US\$'000</i>	<i>Net Exposure US\$'000</i>	<i>Carrying amount US\$'000</i>
<u>As at 31 December 2025</u>				
Amounts due from clients, brokers and clearing houses - Margin receivable/loans receivable arising from business of loans and financing	1,801,780	(23,606)	1,778,174	1,778,174
Amounts due from clients, brokers and clearing houses - Others	16,007,349	(19,072)	15,988,277	15,988,277
Debt investments at fair value through other comprehensive income	2,585,689	(72,954)	2,512,735	2,308,435
Other debtors and deposits	34,924	(343)	34,581	34,581
Reverse repurchase agreements	249,591	-	249,591	249,591
Total	20,679,333	(115,975)	20,563,358	20,359,058
	<i>Gross exposure US\$'000</i>	<i>Impairment allowance US\$'000</i>	<i>Net Exposure US\$'000</i>	<i>Carrying amount US\$'000</i>
<u>As at 31 December 2024</u>				
Amounts due from clients, brokers and clearing houses - Margin receivable/loans receivable arising from business of loans and financing	955,566	(8,019)	947,547	947,547
Amounts due from clients, brokers and clearing houses – Others	9,206,729	(14,085)	9,192,644	9,192,644
Debt investments at fair value through other comprehensive income	1,814,826	(45,352)	1,769,474	1,726,799
Other debtors and deposits	38,010	(780)	37,230	37,230
Reverse repurchase agreements	245,329	-	245,329	245,329
Total	12,260,460	(68,236)	12,192,224	12,149,549

3 Financial risk management (continued)

(ii) Net impairment losses on financial assets

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

	2025 US\$000	2024 US\$000
Amounts due from clients, brokers and clearing houses:		
Impairment losses	22,010	4,540
Reversal of impairment losses	(1,791)	(34)
	20,219	4,506
Impairment losses on debt investments at fair value through other comprehensive income	27,602	-
Reversal of impairment losses on debt investments at fair value through other comprehensive income	-	(3,215)
Impairment losses on other debtors	58	437
Reversal of impairment losses on other debtors	(76)	(1)
	47,803	1,727
Net impairment losses on financial assets		

(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. Liquidity risk is monitored by the Group's Treasury and Risk personnel.

As at 31 December 2025, the Group's total available credit lines amounted to US\$10,886,068,000 (2024: US\$6,459,150,000) of which US\$6,625,273,000 (2024: US\$4,032,078,000) was unutilised.

3 Financial risk management (continued)

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

	<i>Less than 3 months US\$'000</i>	<i>3 months to 1 year US\$'000</i>	<i>Over 1 year US\$'000</i>	<i>Total US\$'000</i>
As at 31 December 2025				
Non-derivative financial liabilities				
Financial liabilities measured at fair value through profit or loss	9,126,476	4,936,897	6,388,238	20,451,611
Long term borrowings from group companies	-	4	1,348	1,352
Short term borrowings from group companies	220,133	810,994	-	1,031,127
Amounts due to clients, brokers and clearing houses	19,960,167	-	-	19,960,167
Repurchase agreements	10,551,106	171,132	28,463	10,750,701
Creditors and other accruals	101,591	-	11,925	113,516
Lease liabilities	7,035	19,759	147,430	174,224
Bank borrowings	3,541,188	301,124	-	3,842,312
Debt instrument issued	291,641	727,433	2,123,281	3,142,355
	<u>43,799,337</u>	<u>6,967,343</u>	<u>8,700,685</u>	<u>59,467,365</u>
Cash flows from derivative financial liabilities settled on a net basis	1,202,441	806,441	1,941,648	3,950,530
Gross-settled derivative financial liabilities:	152,811	86,083	142,020	380,914
Contractual amounts receivable	(31,297,556)	(12,110,967)	(3,879,198)	(47,287,721)
Contractual amounts payable	31,450,367	12,197,050	4,021,218	47,668,635

3 Financial risk management (continued)

	<i>Less than 3 months US\$'000</i>	<i>3 months to 1 year US\$'000</i>	<i>Over 1 year US\$'000</i>	<i>Total US\$'000</i>
As at 31 December 2024				
Non-derivative financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Long term borrowings from group companies	4,477,713	4,210,837	5,117,076	13,805,626
Short term borrowings from group companies	-	5	1,606	1,611
Amounts due to clients, brokers and clearing houses	793,300	2,184	-	795,484
Repurchase agreements	13,005,489	-	-	13,005,489
Creditors and other accruals	12,272,864	262,400	73,600	12,608,864
Lease liabilities	85,905	-	10,069	95,974
Bank borrowings	6,664	18,823	93,231	118,718
Debt instrument issued	1,977,574	1,065	-	1,978,639
	128,981	504,271	1,667,967	2,301,219
	<u>32,748,490</u>	<u>4,999,585</u>	<u>6,963,549</u>	<u>44,711,624</u>
Cash flows from derivative financial liabilities settled on a net basis	539,411	784,930	935,623	2,259,964
Gross-settled derivative financial liabilities:				
Contractual amounts receivable	267,575	145,299	57,258	470,132
Contractual amounts payable	(13,581,287)	(14,759,217)	(2,783,220)	(31,123,724)
	13,848,862	14,904,516	2,840,478	31,593,856

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 2025, a subsidiary company of the Group has certain bank borrowings, total outstanding amount of US\$1,320,000,000 (2024: US\$384,500,000), 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 2025 and 2024, 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 2025 was US\$4,064,381,000 (2024: US\$3,140,964,000).

3.3 Fair value estimation

For financial instruments that are measured 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).

3 Financial risk management (continued)

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

	<i>Level 1</i> US\$'000	<i>Level 2</i> US\$'000	<i>Level 3</i> US\$'000	<i>Total</i> US\$'000
<u>As at 31 December 2025</u>				
Assets				
Financial assets measured at fair value through profit or loss				
- listed equities	22,714,003	24,347	-	22,738,350
- managed funds	262,831	116,678	27,264	406,773
- precious metals	334,208	-	-	334,208
- unlisted equities	-	-	8,845	8,845
- debt securities	-	12,903,583	266,760	13,170,343
Derivative financial instruments	137,247	2,709,097	1,500	2,847,844
Financial assets measured at fair value through other comprehensive income				
- unlisted equities	-	824,435	11,302	835,737
- debt securities	263,569	2,034,921	9,945	2,308,435
Total assets	<u>23,711,858</u>	<u>18,613,061</u>	<u>325,616</u>	<u>42,650,535</u>
Liabilities				
Financial liabilities measured at fair value through profit or loss				
- listed equities	2,571,659	5,600	-	2,577,259
- managed funds	-	28,664	35,382	64,046
- medium term notes	-	17,181,534	-	17,181,534
- debt securities	-	128,939	-	128,939
- equity linked notes	-	499,833	-	499,833
- unlisted equities	-	-	-	-
Derivative financial instruments	551,001	3,780,443	-	4,331,444
Total liabilities	<u>3,122,660</u>	<u>21,625,013</u>	<u>35,382</u>	<u>24,783,055</u>

3 Financial risk management (continued)

	<i>Level 1</i> US\$'000	<i>Level 2</i> US\$'000	<i>Level 3</i> US\$'000	<i>Total</i> US\$'000
<u>As at 31 December 2024</u>				
Assets				
Financial assets measured at fair value through profit or loss				
- listed equities	15,790,775	-	-	15,790,775
- managed funds	1,596,492	73,969	60,579	1,731,040
- unlisted equities	-	1,005	4,428	5,433
- debt securities	14,627	12,146,003	383,931	12,544,561
Derivative financial instruments	64,250	3,119,090	2,185	3,185,525
Financial assets measured at fair value through other comprehensive income				
- unlisted equities	-	646,986	13,703	660,689
- debt securities	197,787	1,474,081	54,931	1,726,799
Total assets	<u>17,663,931</u>	<u>17,461,134</u>	<u>519,757</u>	<u>35,644,822</u>
Liabilities				
Financial liabilities measured at fair value through profit or loss				
- listed equities	1,312,323	-	-	1,312,323
- managed funds	3,933	16,275	-	20,208
- medium term notes	-	11,983,197	-	11,983,197
- debt securities	-	65,882	-	65,882
- equity linked notes	-	416,154	-	416,154
- unlisted equities	-	7,862	-	7,862
Derivative financial instruments	52,937	2,677,159	-	2,730,096
Total liabilities	<u>1,369,193</u>	<u>15,166,529</u>	<u>-</u>	<u>16,535,722</u>

3 Financial risk management (continued)

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 and future contracts are classified as financial assets measured at fair value through profit or loss or other comprehensive income.

The Group's valuation process

Product Control team within the Finance Department is in charge of valuation review in the Group. Valuations required for financial reporting purposes, including Level 3 fair values, are discussed internally at least every quarter, which is in line with the Group's policy. The carrying amount of receivables and payables are assumed to approximate their fair values.

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. Total return swaps are 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 defaulted debt instruments, 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 both years. The following table presents the movements in Level 3 instrument for the year.

3 Financial risk management (continued)

	<i>Financial assets measured at fair value through profit or loss - Unlisted equity securities</i> US\$'000	<i>Financial assets measured at fair value through profit or loss - Debt securities</i> US\$'000	<i>Financial assets measured at fair value through profit or loss - Managed funds</i> US\$'000	<i>Trading derivatives at FVPL</i> US\$'000	<i>Financial assets measured at fair value through other comprehensive income</i> US\$'000	<i>Total</i> US\$'000
At 1 January 2025	4,428	383,931	60,579	2,185	68,634	519,757
Acquisitions	6,867	88,526	-	-	-	95,393
Disposals	(1)	(205,042)	(38,704)	-	(55,081)	(298,828)
Gains recognised in other comprehensive income	-	-	-	-	7,694	7,694
Gains/(losses) recognised in profits or loss	(2,449)	(655)	5,389	(685)	-	1,600
At 31 December 2025	<u>8,845</u>	<u>266,760</u>	<u>27,264</u>	<u>1,500</u>	<u>21,247</u>	<u>325,616</u>

	<i>Financial liabilities measured at fair value through profit or loss - Unlisted managed funds</i> US\$'000	<i>Total</i> US\$'000
At 1 January 2025	-	-
Acquisitions	35,409	35,409
Disposals	-	-
Gains recognised in profits or loss	(27)	(27)
At 31 December 2025	<u>35,382</u>	<u>35,382</u>

3 Financial risk management (continued)

	<i>Financial assets measured at fair value through profit or loss - Unlisted equity securities</i> US\$'000	<i>Financial assets measured at fair value through profit or loss - Debt securities</i> US\$'000	<i>Financial assets measured at fair value through profit or loss - Managed funds</i> US\$'000	<i>Trading derivatives at FVPL</i> US\$'000	<i>Financial assets measured at fair value through other comprehensive income</i> US\$'000	<i>Total</i> US\$'000
At 1 January 2024	5,710	187,809	109,873	4,600	66,596	374,588
Acquisitions	1,193	295,916	98	-	4,481	301,688
Disposals	(824)	(93,249)	(42,963)	-	-	(137,036)
Losses recognised in other comprehensive income	-	-	-	-	(2,443)	(2,443)
Losses recognised in profits or loss	(1,651)	(6,545)	(6,429)	(2,415)	-	(17,040)
At 31 December 2024	<u>4,428</u>	<u>383,931</u>	<u>60,579</u>	<u>2,185</u>	<u>68,634</u>	<u>519,757</u>

	<i>Financial liabilities measured at fair value through profit or loss - Unlisted managed funds</i> US\$'000	<i>Total</i> US\$'000
At 1 January 2024	29,622	29,622
Acquisitions	2,639	2,639
Disposals	(28,094)	(28,094)
Losses recognised in profits or loss	(4,167)	(4,167)
At 31 December 2024	<u>-</u>	<u>-</u>

3 Financial risk management (continued)

	Valuation Methodologies	Unobservable Inputs	Unit	Range of unobservable inputs		Relationship to fair value
				2025	2024	
Debt securities investments	Market approach	Marketability discount	%	-1.01 ~ 13.75	-0.89 ~ 12.25	Negative
Unlisted equity investments	Latest financial information	Latest transfer price	USD per share	10.99	8.08 ~ 9.09	Positive
		Net Asset Value/Investment cost	USD'000	21 ~ 181,614	19 ~ 91,353	Positive
	Market approach	Marketability discount	%	30 ~ 33	30 ~ 33	Negative
		EV/EBITDA multiples	Multiples	4x	4x	Positive
		P/S Multiples	Multiples	2.1x ~ 3.3x	2.1x ~ 5.4x	Positive
Unlisted managed fund	Latest financial information	Net Asset Value/Investment cost	USD'000	1,637 ~ 81,540	2,893 ~ 190,714	Positive
	Market approach	Marketability discount	%	50	40	Negative
Derivative financial instruments	Black-Scholes model	Probability of conversion	%	N/A	30	Positive
		Discount rate	%	N/A	25 ~ 30	Negative
Derivative financial instruments	Expected realization	Value of divestment proposal	N/A	N/A	N/A	N/A

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 statement of financial position; 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 statement of financial position.

3 Financial risk management (continued)

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

	<i>Gross amount of recognised financial assets/liabilities</i>	<i>Gross amount of recognised financial liabilities/assets offset</i>	<i>Net amount of financial assets/liabilities presented</i>	<i>Related amounts not offset in the consolidated statement of financial position</i>	<i>Net amount</i>
	<i>of recognised financial assets/liabilities</i>	<i>in the consolidated statement of financial position</i>	<i>in the consolidated statement of financial position</i>	<i>Financial instruments other than cash collateral</i>	<i>US\$'000</i>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
31 December 2025					
Financial assets					
Derivative financial instruments (b)	2,847,844	-	2,847,844	(1,349,532)	1,498,312
Reverse repurchase agreement (b)	249,591	-	249,591	(205,249)	44,342
Margin receivables	1,738,439	(193,616)	1,544,823	-	1,544,823
Receivables from cash clients	313,771	-	313,771	(313,771)	-
Amounts due from clearing houses (a)	3,118,967	(2,292,277)	826,690	-	826,690
	<u>8,268,612</u>	<u>(2,485,893)</u>	<u>5,782,719</u>	<u>(1,868,552)</u>	<u>3,914,167</u>
Financial liabilities					
Derivative financial instruments (b)	4,331,444	-	4,331,444	(1,349,532)	2,981,912
Repurchase agreements (b)	10,712,423	-	10,712,423	(10,712,423)	-
Margin payables	601,966	(193,616)	408,350	-	408,350
Payables to cash clients	1,389,111	-	1,389,111	(1,389,111)	-
Amounts due to clearing houses (a)	2,937,705	(2,292,277)	645,428	-	645,428
	<u>19,972,649</u>	<u>(2,485,893)</u>	<u>17,486,756</u>	<u>(13,451,066)</u>	<u>4,035,690</u>

3 Financial risk management (continued)

	<i>Gross amount of recognised financial assets/ liabilities US\$'000</i>	<i>Gross amount of recognised financial liabilities/ assets offset in the consolidated statement of financial position US\$'000</i>	<i>Net amount of financial assets/ liabilities presented in the consolidated statement of financial position US\$'000</i>	<i>Related amounts not offset in the consolidated statement of financial position Financial instruments other than cash collateral US\$'000</i>	<i>Net amount US\$'000</i>
31 December 2024					
Financial assets					
Derivative financial instruments (b)	3,185,525	-	3,185,525	(1,062,581)	2,122,944
Reverse repurchase agreement (b)	245,329	-	245,329	(236,596)	8,733
Margin receivables	1,000,560	(45,266)	955,294	-	955,294
Receivables from cash clients	185,732	-	185,732	(185,732)	-
Amounts due from clearing houses (a)	1,133,457	(670,782)	462,675	-	462,675
	<u>5,750,603</u>	<u>(716,048)</u>	<u>5,034,555</u>	<u>(1,484,909)</u>	<u>3,549,646</u>
Financial liabilities					
Derivative financial instruments (b)	2,730,096	-	2,730,096	(1,062,581)	1,667,515
Repurchase agreements (b)	12,572,763	-	12,572,763	(12,572,763)	-
Margin payables	239,936	(45,266)	194,670	-	194,670
Payables to cash clients	749,504	-	749,504	(749,504)	-
Amounts due to clearing houses (a)	818,018	(670,782)	147,236	-	147,236
	<u>17,110,317</u>	<u>(716,048)</u>	<u>16,394,269</u>	<u>(14,384,848)</u>	<u>2,009,421</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 to/receivable from a single counterparty in the same currency be taken as owing/receivable 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.

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.

(a) *Estimation of goodwill impairment*

Goodwill 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(b) *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\$77,731,000 (2024: US\$72,228,000) in relation to tax losses and deductible temporary differences. Refer to Note 32 to the consolidated financial statements for details.

(c) *Fair value estimation*

The Group holds investments in various financial instruments that measured at fair value which are classified as level 3 under HKFRS 13.

The fair value of financial instruments 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.

4 Critical accounting estimates and judgments (continued)

The fair value of these investments has been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. These valuations require level of judgement of the Group to make estimates about expected future cash flows, credit risks, discount rates, volatilities and operating results. The inclusion of these estimates in determining the fair values are subject to uncertainty.

(d) *Expected credit loss allowance for financial assets*

The loss allowances for financial assets were based on assumptions about risk of default and expected loss rates. Based on historical data, the Group used a number of judgements for ECL measurement, including determining criteria for significant increase of credit risk, choosing appropriate models and assumptions, as well as projection of macroeconomic variables for forward-looking scenarios. Details of the key assumptions and inputs used are disclosed in the table in Note 3.1(b).

5 Fee and commission income

	2025 US\$'000	2024 US\$'000
Brokerage commission	442,995	376,324
Research fee income	25,397	34,358
Underwriting and placing commission and sponsorship income	236,922	62,994
Corporate advisory and asset management fees	63,722	54,096
Referral fee income	1,802	2,352
Total fee and commission income	<u>770,838</u>	<u>530,124</u>

Notes: Total fee and commission income arose from customer contracts under HKFRS 15.

6 Net trading income

	2025 US\$'000	2024 US\$'000
Net gains on financial assets and financial liabilities at FVTPL	1,386,679	808,746
Net gains on financial assets measured at FVOCI	9,237	2,057
Dividend income	121,626	193,170
Interest income from debt securities measured at FVTPL	626,426	292,604
Total net trading income	<u>2,143,968</u>	<u>1,296,577</u>

7 Interest income

	2025 US\$'000	2024 US\$'000
Interest income		
- bank deposits	82,387	81,213
- loan receivable arising from business of loans and financing	62,498	47,968
- reverse repurchase agreements	9,629	8,885
- deposits with clearing houses and brokers	93,830	70,180
- financial assets measured at fair value through other comprehensive income	92,648	44,237
- securities borrowing and lending	71,166	61,699
- borrowing to fellow subsidiary	11,868	194
- others	2,433	2,841
Total interest income	426,459	317,217

Notes: Total interest income are calculated using the effective interest method.

8 Other income

	2025 US\$'000	2024 US\$'000
Service fee income	1,872	2,150
Overhead expenses recharge to related companies	14,079	10,880
Miscellaneous income	11,955	18,671
Sales of healthcare products	1,520	11,022
Rental income	2,102	1,764
Net foreign exchange (loss)/gain	(31,301)	74,111
Total other income	227	118,598

9 Staff costs

	2025 US\$'000	2024 US\$'000
Salaries and other short-term employee benefits	439,741	360,791
Pension costs - contribution to pension plans	12,526	14,506
Termination benefits	2,648	742
Total employee benefits expenses	454,915	376,039

10 Finance costs

	2025 US\$'000	2024 US\$'000
Interest expense on:		
- bank borrowings	164,375	105,747
- client securities accounts	1,197	510
- borrowings from group companies	20,213	25,967
- repurchase agreements	507,890	460,936
- lease liabilities	5,548	4,913
- collateral received from counterparties	51,276	23,772
- debt instrument issued	113,419	44,943
- others	9,329	6,607
	<u>873,247</u>	<u>673,395</u>
Banking facilities related fees and charges	3,761	2,130
Securities borrowing and lending expenses	61,271	32,456
	<u>61,271</u>	<u>32,456</u>
Total finance costs	<u><u>938,279</u></u>	<u><u>707,981</u></u>

11 Other operating expenses

An analysis of major other operating expenses is as follows:

	2025 US\$'000	2024 US\$'000
Brokerage commission expense	411,451	224,330
Information services and communication expense	99,889	93,353
Net settlement charge	83,217	61,307
Rebate and introduction fee	52,838	44,365
Depreciation on right-of-use assets (Note 16)	26,115	25,335
Depreciation on property, plant and equipment (Note 15)	14,322	13,562
Legal and professional fees	11,254	8,710
Auditor's remuneration	2,783	2,980
Depreciation on investment properties (Note 17)	803	747
Amortisation of intangible assets (Note 14(b))	426	210
Impairment loss/(reversal) on investment properties (Note 17)	1,185	(1,538)

12 Tax expense

The amount of tax expense charged to the consolidated statement of profit or loss and comprehensive income represents:

	2025 US\$'000	2024 US\$'000
Current tax on profits for the year excluding Pillar Two income taxes	196,844	110,300
Current tax of prior years excluding Pillar Two income taxes	18,726	771
Pillar Two income taxes	467	-
Withholding tax	8,244	6,937
Deferred tax (Note 32)	18,691	6,892
Total tax expense	<u>242,972</u>	<u>124,900</u>

The provision for Hong Kong Profits Tax for 2025 is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates if taxation ruling in the relevant countries.

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:

	2025 US\$'000	2024 US\$'000
Profit before tax	<u>1,156,238</u>	<u>655,375</u>
Tax calculated at domestic rates applicable to profits in respective jurisdictions	198,704	125,863
Income not subject to tax	(18,704)	(12,907)
Expenses not deductible for tax purposes	8,034	6,510
Utilisation of previously unrecognised tax losses	(5,249)	(2,190)
Tax losses for which no deferred tax asset was recognised	4,302	3,568
Current tax of prior periods	18,726	771
Deferred tax of prior periods	13,482	65
Withholding tax	8,244	6,937
Pillar Two income taxes	467	-
Others (Note 12(i))	14,966	(3,717)
Tax expense	<u>242,972</u>	<u>124,900</u>

12 Tax expense (continued)

In addition to profit tax provision, the Group has recognised the below tax-related provision as at 31 December 2025 and 2024:

(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 and final orders are yet to be received. Accordingly, significant judgement is required in determining such tax provision. Based on professional advice received and management best estimates, provisions amounting to US\$65,283,000 have been made as at 31 December 2025 (2024: US\$51,771,000).

(ii) Provision for other taxes

In light of the further integration of the business models, the Group updated the transfer pricing policies effective from 1 January 2021. The updated transfer pricing policies remain subject to review by several local regulators in the relevant jurisdictions. In determining its income tax provision, the Group makes judgements regarding these complex tax regulations as well as estimate how certain items will be taxed and potentially disputed in various jurisdictions in the future. Given the uncertainty, the provision relating to this matter is estimated to be US\$23,339,000 as at 31 December 2025 (2024: US\$21,683,000) based on management best estimates.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries. As disclosed below, the Group is also liable to Pillar Two income taxes.

Pillar Two income taxes

The Company is part of a multinational enterprise group which is subject to the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") published by the Organisation for Economic Co-operation and Development.

From 1 January 2025, the Group is liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in the Hong Kong SAR and certain other jurisdictions where a domestic minimum top-up tax has not been implemented.

The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and accounted for the tax as current tax when incurred.

13 Dividends

No final dividend in respect of the year ended 31 December 2025 was to be proposed by the Company (2024: Nil).

14 Goodwill and intangible assets

(a) Goodwill

	2025 US\$'000	2024 US\$'000
<u>Cost</u>		
At 1 January	379,951	379,951
Additions	-	-
At 31 December	<u>379,951</u>	<u>379,951</u>
<u>Accumulated impairment</u>		
At 1 January	306,600	306,600
Provision for the year	-	-
At 31 December	<u>306,600</u>	<u>306,600</u>
<u>Net book value</u>		
At 31 December	<u>73,351</u>	<u>73,351</u>

Impairment test for cash-generating units containing goodwill

As at 31 December 2025, the carrying amounts of goodwill allocated to the Group's cash-generating units ("CGUs") as follows:

	Note	2025 US\$'000	2024 US\$'000
Goodwill arising from business acquisitions:			
- Investment Banking	(i)	31,849	31,849
- Equity Derivatives	(i)	41,483	41,483
- Acquisitions of operations in several countries		19	19
Total		<u>73,351</u>	<u>73,351</u>

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

14 Goodwill and intangible assets (continued)

Notes

- (i) 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 this as a single CGU up to the year ended 31 December 2021.

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 rebranding of the business. This triggered a reallocation of goodwill, with carrying amount of US\$287 million as at 31 December 2020, to individual cash-generating-units at the reorganisation date. The restructure of management reporting lines resulted in a reallocation of goodwill to 5 individual CGUs.

The reallocation of goodwill was performed on the basis of the relative values of CGUs identified as at the date of reorganisation.

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

- * At reorganisation date, according to relative fair value of each respective CGU, no goodwill was reallocated to the Asset Management CGU.

14 Goodwill and intangible assets (continued)

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

	As at 31 December 2025			As at 31 December 2024		
	Discount rate (pre-tax)	Terminal value growth rate	Average operating profit-margin forecast	Discount rate (pre-tax)	Terminal value growth rate	Average operating profit-margin forecast
Investment Banking	18.7%	2.5%	27%	19.9%	2%	30%
Equity Derivatives	16.5%	2.5%	52%	17.3%	2%	48%

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 2.5% (2024: 2%) into perpetuity for CLSA Group acquired in 2013 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. The average operating profit margin forecast represents the expected earnings before interests and tax, and depreciation and amortisation, taking into account of past experience, and anticipated revenue growth over the five-year projection period.

The key assumptions in the table above are updated as at 31 December 2025. The Group has revised the average operating profit-margin forecast taking into consideration the actual financial results of 2025. The discount rate is calculated using the latest market data inputs.

14 Goodwill and intangible assets

(b) Intangible assets

	Customer relationship US\$'000	Trademarks US\$'000	Internally-generated software US\$'000	Externally-purchased software US\$'000	Exchange Trading rights US\$'000	Others US\$'000	Total US\$'000
Cost							
At 1 January 2025	172,368	42,500	82,600	4,206	6,789	14,350	322,813
Additions	-	-	-	513	-	-	513
Disposals	-	-	-	-	-	(14,350)	(14,350)
Exchange differences	-	-	-	701	(12)	-	689
At 31 December 2025	172,368	42,500	82,600	5,420	6,777	-	309,665
Accumulated amortisation							
At 1 January 2025	170,527	-	82,600	3,686	3,059	14,350	274,222
Amortisation charges	60	-	-	366	-	-	426
Write back	-	-	-	-	-	(14,350)	(14,350)
Exchange differences	-	-	-	(4)	(9)	-	(13)
At 31 December 2025	170,587	-	82,600	4,048	3,050	-	260,285
Accumulated impairment							
At 1 January 2025	1,660	42,500	-	-	18	-	44,178
Provision for the year	-	-	-	-	-	-	-
At 31 December 2025	1,660	42,500	-	-	18	-	44,178
Net book value							
At 31 December 2025	121	-	-	1,372	3,709	-	5,202
Cost							
At 1 January 2024	172,368	42,500	82,600	3,994	6,807	14,350	322,619
Additions	-	-	-	194	-	-	194
Exchange differences	-	-	-	18	(18)	-	-
At 31 December 2024	172,368	42,500	82,600	4,206	6,789	14,350	322,813
Accumulated amortisation							
At 1 January 2024	170,467	-	82,600	3,526	3,071	14,350	274,014
Amortisation charges	60	-	-	150	-	-	210
Exchange differences	-	-	-	10	(12)	-	(2)
At 31 December 2024	170,527	-	82,600	3,686	3,059	14,350	274,222
Accumulated impairment							
At 1 January 2024	1,660	42,500	-	-	18	-	44,178
Provision for the year	-	-	-	-	-	-	-
At 31 December 2024	1,660	42,500	-	-	18	-	44,178
Net book value							
At 31 December 2024	181	-	-	520	3,712	-	4,413

The trademarks and exchange trading rights are not amortised 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 amortised over the expected useful lives of 10 years, 5 years and 5 years respectively.

15 Property, plant and equipment

	<i>Leasehold improvements</i> US\$'000	<i>Computer hardware and software</i> US\$'000	<i>Furniture and fittings</i> US\$'000	<i>Telecommuni- cations equipment</i> US\$'000	<i>Motor vehicles</i> US\$'000	<i>Total</i> US\$'000
<i>Year ended 31 December 2025</i>						
At 1 January 2025	10,117	26,637	1,986	1,629	65	40,434
Additions	4,671	13,503	868	216	-	19,258
Disposals/written off	(113)	(958)	(109)	-	-	(1,180)
Depreciation	(2,909)	(10,126)	(707)	(570)	(10)	(14,322)
Exchange differences	318	186	51	19	5	579
At 31 December 2025	<u>12,084</u>	<u>29,242</u>	<u>2,089</u>	<u>1,294</u>	<u>60</u>	<u>44,769</u>
<i>At 31 December 2025</i>						
Cost	36,119	195,000	8,392	8,664	294	248,469
Accumulated depreciation	<u>(24,035)</u>	<u>(165,758)</u>	<u>(6,303)</u>	<u>(7,370)</u>	<u>(234)</u>	<u>(203,700)</u>
Net book amount	<u>12,084</u>	<u>29,242</u>	<u>2,089</u>	<u>1,294</u>	<u>60</u>	<u>44,769</u>

15 Property, plant and equipment (continued)

	<i>Leasehold improvements</i> US\$'000	<i>Computer hardware and software</i> US\$'000	<i>Furniture and fittings</i> US\$'000	<i>Telecommuni- cations equipment</i> US\$'000	<i>Motor vehicles</i> US\$'000	<i>Total</i> US\$'000
<i>Year ended 31 December 2024</i>						
At 1 January 2024	5,462	27,614	2,155	1,939	76	37,246
Additions	7,927	9,034	662	281	-	17,904
Disposals of group reclassified as held for sale	-	(1)	(8)	(1)	-	(10)
Disposals/written off	(660)	(59)	(87)	(2)	-	(808)
Depreciation	(2,580)	(9,686)	(727)	(558)	(11)	(13,562)
Exchange differences	(32)	(265)	(9)	(30)	-	(336)
At 31 December 2024	<u>10,117</u>	<u>26,637</u>	<u>1,986</u>	<u>1,629</u>	<u>65</u>	<u>40,434</u>
<i>At 31 December 2024</i>						
Cost	33,309	184,297	8,890	9,601	340	236,437
Accumulated depreciation	<u>(23,192)</u>	<u>(157,660)</u>	<u>(6,904)</u>	<u>(7,972)</u>	<u>(275)</u>	<u>(196,003)</u>
Net book amount	<u>10,117</u>	<u>26,637</u>	<u>1,986</u>	<u>1,629</u>	<u>65</u>	<u>40,434</u>

16 Leases

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2025 US\$'000	2024 US\$'000
Right-of-use assets		
Buildings	136,624	95,691
Motor vehicles	120	92
IT equipments	88	32
	136,832	95,815
 Lease liabilities		
Current	21,323	21,071
Non-current	123,897	80,664
	145,220	101,735

Additions to the right-of-use assets during the 2025 financial year were US\$20,641,000 (2024: US\$41,914,000).

(ii) Amounts recognised in the consolidated statement of profit or loss and comprehensive income

The consolidated statement of profit or loss and comprehensive income shows the following amounts relating to leases:

	2025 US\$'000	2024 US\$'000
Depreciation charge of right-of-use assets		
Buildings	25,967	25,280
Motor vehicles	57	36
IT equipments	91	19
	26,115	25,335
 Interest expense (included in finance costs)	5,548	4,913
Expense relating to short-term leases	1,182	899

The total cash outflow for leases in 2025 was US\$30,402,025 (2024: US\$30,375,000).

16 Leases (continued)

(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 1 year to 15 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.

17 Investment properties

	<i>Commercial and industrial building</i>	
	2025	2024
	US\$'000	US\$'000
Cost		
At 1 January	33,916	34,383
Disposal	-	-
Exchange differences	2,436	(467)
At 31 December	36,352	33,916
Accumulated depreciation		
At 1 January	(4,479)	(3,799)
Depreciation charge	(803)	(747)
Exchange differences	(335)	67
At 31 December	(5,617)	(4,479)
Allowance for impairment		
At 1 January	(6,214)	(7,843)
Impairment (loss)/reversal on investment properties	(1,185)	1,538
At 31 December	(465)	91
Closing book amount	(7,864)	(6,214)
Net book amount	22,871	23,223

17 Investment properties (continued)

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

	2025 US\$'000	2024 US\$'000
Rental income from operating leases	2,102	1,796
Direct operating expenses from property that generated rental income	(2,628)	(3,706)
Impairment reversal (loss)/gain on investment properties	(1,185)	1,538

(ii) Leasing arrangement

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

18 Investments in joint ventures

	2025 US\$'000	2024 US\$'000
At 1 January	2,295	2,411
Share of gains of joint ventures	2,376	1,386
Dividend	(2,100)	(1,500)
Exchange differences	-	(2)
At 31 December	2,571	2,295

Set out below are the joint ventures of the Group as at 31 December 2025 and 2024. The joint ventures are held directly by the Group. The country of incorporation or registration is also their principal place of business.

18 Investments in joint ventures (continued)

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 2025	Group interest as at 31 December 2024	Principal activities
Bright Lee Capital	British Virgin Islands	48.00%	48.00%	Asset management
CSOBOR Fund GP, Limited	Cayman Islands	49.00%	49.00%	Asset management
Double Nitrogen Fund GP, Limited	Cayman Islands	48.00%	48.00%	Fund General Partner
Sino-Ocean Land Logistics Investment Management Limited	Cayman Islands	50.00%	50.00%	Asset management
Sunrise Capital Holdings IV Limited	Cayman Islands	50.00%	50.00%	Asset management
Sunrise Capital Holdings V Limited	Cayman Islands	25.00%	25.00%	Asset management

All joint ventures are held indirectly through other subsidiaries. They are private companies and there are no quoted market prices available for their shares.

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

The Group has no individually material joint venture as at year-end.

19 Investments in associates

	2025 US\$'000	2024 US\$'000
As at 1 January	176,098	173,177
New investment in associates	12,917	16,254
Additional investment in associates	20,526	11,700
Share of gains	22,741	8,165
Dividends	(99)	(3,207)
Return of capital	(11,240)	(7,945)
Disposal of investments invested by the associates	(20,179)	(22,357)
Exchange differences	(306)	311
As at 31 December	<u>200,458</u>	<u>176,098</u>

19 Investments in associates (continued)

The Group's share of the results of its associates, all of which are unlisted whose quoted market price is not available, 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 December 2025	As at 31 December 2024
Aria Investment Partners III, L.P. ##	Cayman Islands	Private equity fund	-	29.56%
Aria Investment Partners IV, L.P.	Cayman Islands	Private equity fund	39.14%	39.14%
Aria Investment Partners V, L.P.	Cayman Islands	Private equity fund	45.45%	45.45%
Fudo Capital II, L.P.##	Cayman Islands	Real estate fund	-	6.55%
Sunrise Capital II, L.P.	Cayman Islands	Real estate fund	23.99%	23.99%
Sunrise Capital III, L.P. #	Cayman Islands	Real estate fund	6.08%	6.08%
Sunrise Capital IV, L.P. #	Cayman Islands	Real estate fund	5.49%	5.49%
Sunrise Capital V (JPY), L.P. #	Cayman Islands	Real estate fund	6.64%	6.64%
Clean Resources Asia Growth Fund L.P. #	Cayman Islands	Hedge fund	3.00%	3.00%
CLSA Aviation Private Equity Fund I##	Korea	Investment vehicle	-	6.86%
CLSA Aviation Private Equity Fund II#	Korea	Investment vehicle	0.08%	0.08%
CLSA Aviation II Investments (Cayman) Limited#	Cayman Islands	Investment vehicle	12.39%	12.39%
CLSA Infrastructure Private Equity Fund I#	Korea	Asset management	0.14%	0.14%
CT Smith Holdings Limited (Former name as CT CLSA Holdings Limited)	Sri Lanka	Broking and Investment banking	25.00%	25.00%
CSOBOR Fund L.P.	Cayman Islands	Asset management	24.51%	24.51%
Citron PE Holdings Limited	British Virgin Islands	Asset management	35.00%	35.00%
Holisol Logistics Private Limited	India	Asset management	20.29%	20.29%
Pine Tree Special Opportunity FMC LLC	Cayman Islands	Asset management	-	50.00%
Lending Ark Asia Secured Private Debt Fund I (Non-US), LP	Cayman Islands	Asset management	22.16%	22.16%
Lending Ark Asia Secured Private Debt Holding Limited	Cayman Islands	Asset management	30.00%	30.00%
CLSA Asia Growth Fund, L.P.	Cayman Islands	Private equity fund	29.02%	29.24%
Top Eminent Healthcare Group Limited (formerly known as "CLSA Premium Limited")	Cayman Islands	Investment Holding	19.03%	-
CLSA Korea Private Equity Fund I	Korea	Private equity fund	19.61%	-

The Group is also the General Partner of certain funds at Group level, management considers the Group have significant influence on those funds' investments and recognise those funds as investment in associate accordingly.

The associates were dissolved during the year.

All associates are held indirectly through other subsidiaries.

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, that are material to the Group.

Summarised balance sheet

	<i>Sunrise Capital II, L.P. US\$'000</i>	<i>Citron PE Holdings Limited US\$'000</i>	<i>Lending Ark Asia Secured Private Debt Fund I (Non-US), LP US\$'000</i>
<u>As at 31 December 2025</u>			
Total current assets	174,735	54,888	22,253
Total current liabilities	(175)	(394)	(418)
Total non-current assets	10,479	45,251	124,564
Total non-current liabilities	(36,077)	(101)	(1,006)
	-----	-----	-----
Net assets	148,962	99,644	145,393
Reconciliation to carrying amounts:			
Closing net assets	148,962	99,644	145,393
Group's share in %	23.99%	35.00%	22.16%
Group's share in US\$	35,736	34,875	32,225
	-----	-----	-----
Carrying value	35,736	34,875	32,225
<u>As at 31 December 2024</u>			
Total current assets	172,869	56,679	12,302
Total current liabilities	-	(11,394)	(139)
Total non-current assets	-	50,379	149,178
Total non-current liabilities	(32,698)	(156)	(933)
	-----	-----	-----
Net assets	140,171	95,508	160,408
Reconciliation to carrying amounts:			
Closing net assets	140,171	95,508	160,408
Group's share in %	23.99%	35.00%	22.16%
Group's share in US\$	33,627	33,428	35,553
	-----	-----	-----
Carrying value	33,627	33,428	35,553

19 Investments in associates (continued)

Summarised statement of comprehensive income

	<i>Sunrise Capital II, L.P. US\$'000</i>	<i>Citron PE Holdings Limited US\$'000</i>	<i>Lending Ark Asia Secured Private Debt Fund I (Non-US), LP US\$'000</i>
For the year ended 31 December 2025			
Revenue	989	1,085	17,257
Expenses	(2,891)	(554)	(2,535)
Depreciation and amortisation	-	-	-
Interest income	-	1,779	128
Net realised gain/(loss) on investments	159,066	4,506	(7,973)
Net change of unrealised appreciation/(depreciation) on investments	(148,373)	(2,507)	8,743
Profit before tax	8,791	4,309	15,620
Income tax expenses	-	-	-
Total comprehensive income/(loss)	8,791	4,309	15,620

	<i>Sunrise Capital II, L.P. US\$'000</i>	<i>Citron PE Holdings Limited US\$'000</i>	<i>Lending Ark Asia Secured Private Debt Fund I (Non-US), LP US\$'000</i>
For the year ended 31 December 2024			
Revenue	749	4,034	20,386
Expenses	(12,371)	(2,507)	(3,090)
Depreciation and amortisation	-	-	-
Interest income	-	1,837	453
Net realised gain/(loss) on investments	-	(4,206)	40
Net change of unrealised appreciation/(depreciation) on investments	67,362	(6,665)	(3,660)
Profit/(loss) before tax	55,740	(7,507)	14,129
Income tax expenses	-	(20)	-
Total comprehensive income/(loss)	55,740	(7,527)	14,129

The following table illustrates the aggregate unaudited financial information of the Group's associates that are not individually material.

	2025 US\$'000	2024 US\$'000
Profit/(loss) for the year	15,662	(5,704)
Total comprehensive income	15,662	(5,704)
Carrying amount	97,622	73,490

20 Subsidiaries

20.1 Information about subsidiaries

The following is a list of the principal subsidiaries of the Company as at 31 December 2025 and 31 December 2024:

<i>Name</i>	<i>Place of incorporation</i>	<i>Group interest as at 31 December 2025</i>	<i>Group interest as at 31 December 2024</i>	<i>Principal activities</i>
CLSA B.V.	Netherlands	100% ¹	100% ¹	Investment holding
CLSA Europe B.V.	Netherlands	100% ¹	100% ¹	Provision of securities brokerage and investment banking services
CITIC Securities (Hong Kong) Limited	Hong Kong	100% ¹	100% ¹	Corporate finance and advisory services
CITIC Securities Brokerage (HK) Limited	Hong Kong	100% ¹	100% ¹	Securities brokerage and margin financing
CITIC Securities Futures (HK) Limited	Hong Kong	100% ¹	100% ¹	Brokerage of futures and options contracts
CITIC Securities Finance (HK) Limited	Hong Kong	100% ¹	100% ¹	Treasury services
CLSA Investments Ltd.	Cayman Islands	100% ¹	100% ¹	Investment holding
CLSA Australia Holdings Pty Ltd	Australia	100% ¹	100% ¹	Investment holding
CITIC Securities CLSA Capital Partners Limited	Hong Kong	100% ¹	100% ¹	Investment holding
CLSA Fund Services (Asia) Limited	Hong Kong	100% ¹	100% ¹	Fund Administrative services
CLSA Global Investments Management Limited	British Virgin Islands	100% ¹	100% ¹	Investment holding
SetClear Pte. Ltd.	Singapore	100% ¹	100% ¹	IT & middle/back office services
CSI Global Markets Holdings Limited	British Virgin Islands	100% ¹	100% ¹	Holding company
CLSA Americas Holdings, Inc.	United States of America	100% ¹	100% ¹	Holding company
Top Eminent Healthcare Group Limited (formerly known as "CLSA Premium Limited")	Cayman Islands	-	59.03% ¹	Investment holding
CITIC Securities Asset Management (HK) Limited (Formerly known as CLSA Asset Management Limited)	Hong Kong	100%	100%	Asset management

20 Subsidiaries (continued)

20.1 Information about subsidiaries

<i>Name</i>	<i>Place of incorporation</i>	<i>Group interest as at 31 December 2025</i>	<i>Group interest as at 31 December 2024</i>	<i>Principal activities</i>
CITIC Securities CLSA Capital Partners (HK) Limited	Hong Kong	100%	100%	Investment advisory Services
CLSA Limited	Hong Kong	100%	100%	Broking and dealing in securities and underwriting
CITIC Securities International Capital Management Limited (Formerly known as CSI Capital Management Limited)	British Virgin Islands	100%	100%	Investment and securities trading
CITIC Securities International Global Markets Limited (Formerly known as CSI Global Markets Limited)	Hong Kong	100%	100%	Securities brokerage
XinZheng Operation Management Limited	PRC	100% ¹	100% ¹	IT & middle/back office services

¹ Subsidiaries held directly by the Company

In 2025, the Group's holding in Top Eminent Healthcare Group Limited (formerly known as CLSA Premium Limited) was changed from 59.03% to 19.3% during the year as a result of partial sales of shares. Since the Group lost significant influence on Top Eminent Healthcare Group Limited during the year, it is classified as investment in associate upon the share disposal.

20 Subsidiaries (continued)

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

The total non-controlling interest as at 31 December 2025 is US\$4,026,000 (2024: US\$22,119,000), of which US\$4,035,000 (2024: US\$5,374,000) is for PT CLSA Sekuritas Indonesia, nil (2024: US\$3,210,000) is for CLSA Funding (Cayman) Limited, negative balance of US\$9,000 (2024: US\$646,000) is for Avignon Holdings Limited and nil (2024: US\$12,889,000) is for CLSA Premium Limited.

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
		2025	2024	2025	2024	
PT CLSA Sekuritas Indonesia	Indonesia	60.00%	60.00%	40.00%	40.00%	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%	71.71%	28.29%	28.29%	Investment holding

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

Summarised balance sheet

	PT CLSA Sekuritas Indonesia	
	2025 US\$'000	2024 US\$'000
Current		
Assets	68,272	63,840
Liabilities	(34,328)	(25,766)
Total current net assets	<u>33,944</u>	<u>38,074</u>
Non-current		
Assets	2,572	2,802
Liabilities	-	-
Total non-current net assets	<u>2,572</u>	<u>2,802</u>
Net assets	<u>36,516</u>	<u>40,876</u>

20 Subsidiaries (continued)

Summarised consolidated statement of profit or loss and comprehensive income

	<i>PT CLSA Sekuritas Indonesia</i>	
	2025	2024
	US\$'000	US\$'000
Revenue	8,874	12,477
Post-tax profit from continuing operations	1,523	1,535
Total comprehensive income/(loss)	716	(402)
Profit allocated to non-controlling interest	609	614
Dividends paid to non-controlling interest	1,966	506
<i>PT CLSA Sekuritas Indonesia</i>		
	2025	2024
	US\$'000	US\$'000
Cash generated from operating activities	1,388	2,478
Cash flows used in investing activities	(237)	(178)
Cash flows used in financing activities	(4,915)	(1,266)

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

21 Financial assets measured at fair value through other comprehensive income

	2025	2024
	US\$'000	US\$'000
<u>Non-current portion</u>		
Unlisted equities	835,737	660,689
<u>Current assets</u>		
Debt securities	2,308,435	1,726,799

During the year, net loss of US\$40,428,000 (2024: loss of USD1,602,000) was recognised in other comprehensive income for financial assets measured at fair value through other comprehensive income.

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

	<i>As at 31 December 2025</i>	
	<i>Assets</i>	<i>Liabilities</i>
	US\$'000	US\$'000
<u>Non-current portion</u>		
<u>Fair value through profit or loss</u>		
- Unlisted equities	8,562	-
- Managed funds	27,263	64,046*
	35,825	64,046
Total for non-current portion	35,825	64,046
<u>Current portion</u>		
<u>Held for trading</u>		
- Listed equities	22,738,349	2,577,259
- Managed funds	356,723	-
- Debt securities	13,140,649	128,939
- Precious metals	334,208	-
	36,569,929	2,706,198
<u>Fair value through profit or loss</u>		
- Unlisted equities	283	-
- Debt securities	29,694	-
- Listed equities	1	-
- Managed funds	22,787	-
- Equity linked notes	-	499,833
- Medium term notes	-	17,181,534
	52,765	17,681,367
Total for current portion	36,622,694	20,387,565

Note:

- * Balance of financial liabilities measured at fair value through profit or loss represents net assets attributable to non-controlling interests of investment funds.

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

	<i>As at 31 December 2024</i>	
	<i>Assets</i>	<i>Liabilities</i>
	US\$'000	US\$'000
<u>Non-current portion</u>		
<u>Fair value through profit or loss</u>		
- Unlisted equities	4,167	-
- Managed funds	60,790	16,102*
Total for non-current portion	64,957	16,102
<u>Current portion</u>		
<u>Held for trading</u>		
- Listed equities	15,790,009	1,312,323
- Managed funds	1,670,185	4,106
- Debt securities	12,514,902	65,882
	29,975,096	1,382,311
<u>Fair value through profit or loss</u>		
- Unlisted equities	1,266	7,862
- Debt securities	29,659	-
- Listed equities	766	-
- Managed funds	65	-
- Equity linked notes	-	416,154
- Medium term notes	-	11,983,197
	31,756	12,407,213
Total for current portion	30,006,852	13,789,524

Note:

* Balance of financial liabilities measured at fair value through profit or loss represents net assets attributable to non-controlling interests of investment funds.

23 Derivative financial instruments

	<i>Assets</i>	<i>Liabilities</i>
	US\$'000	US\$'000
<u>As at 31 December 2025</u>		
- Interest rate derivatives	363,489	222,413
- Currency derivatives	293,877	448,313
- Equity derivatives	2,035,641	3,430,844
- Credit derivatives	6,838	1,000
- Others	147,999	228,874
Total	2,847,844	4,331,444

23 Derivative financial instruments (continued)

	Assets US\$'000	Liabilities US\$'000
As at 31 December 2024		
- Interest rate derivatives	428,748	562,664
- Currency derivatives	737,979	654,573
- Equity derivatives	1,824,579	1,432,093
- Credit derivatives	375	5,636
- Others	193,844	75,130
Total	3,185,525	2,730,096

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

	2025 US\$'000	2024 US\$'000
Amounts due from		
- clients	2,535,124	1,525,793
- brokers	12,645,442	7,218,110
- clearing houses	826,690	462,675
Margin receivable	1,544,823	955,294
Loans receivable arising from business of loans and financing	256,957	272
Accounts receivable arising from assets management business	-	2
Others	93	149
	17,809,129	10,162,295
Less: provision for impairment losses (i)	(42,678)	(22,104)
Total amounts due from clients, brokers and clearing houses	17,766,451	10,140,191
Amounts due to		
- clients	13,766,742	10,031,417
- brokers and other counterparties	5,547,997	2,826,836
- clearing houses	645,428	147,236
Total amounts due to clients, brokers and clearing houses	19,960,167	13,005,489

(i) Note 3.1 (b) provide details about the estimations of impairment losses.

25 Cash and bank balances

	2025 US\$'000	2024 US\$'000
Cash at bank and in hand	2,189,235	2,025,470
Time deposits with banks	173,629	147,972
Total cash and bank balances	2,362,864	2,173,442

As at 31 December 2025, the Group had restricted funds of US\$77,616,000 (2024: US\$57,884,000).

26 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.

27 Bank borrowings

	2025 US\$'000	2024 US\$'000
Current		
Bank borrowings (secured)	-	18,981
Bank borrowings (unsecured)	3,829,109	1,954,919
Bank overdrafts (unsecured)	9,103	395
	3,838,212	1,974,295
Total bank borrowings	3,838,212	1,974,295

As at 31 December 2024, 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\$598,055,000 were pledged to banks as collateral for short-term floating rate bank loans of US\$386,000 for its margin financing businesses. The remaining secured bank loans were secured by company shares of certain subsidiaries of US\$31,659,000.

The effective interest rate of bank borrowings as at 31 December 2025 is 4.18% (2024: 4.91%).

28 Long term borrowings/Short term borrowings to/from group companies

	2025 US\$'000	2024 US\$'000
Current		
Borrowings to a fellow subsidiary (i)	525,164	24,681
Total borrowings to group companies	<u>525,164</u>	<u>24,681</u>
Non-current		
Borrowings from a related company (ii)	1,344	1,593
	<u>1,344</u>	<u>1,593</u>
Current		
Borrowings from a fellow subsidiary (iii)	286,242	303,198
Borrowings from parent company (iv)	729,228	480,275
Borrowings from a related company	2	-
	<u>1,015,472</u>	<u>783,473</u>
Total borrowings from group companies	<u>1,016,816</u>	<u>785,066</u>

- (i) Short term borrowings to a fellow subsidiary are unsecured, interest bearing and repayable in 2026. Short term borrowings amounting to US\$524,433,000 (2024: US\$24,674,000) are interest bearing at a fixed rate of 1% - 5.03% (2024: 1%) per annum.
- (ii) Long term borrowings from a related company amounting to USD\$1,344,000 (2024: US\$1,593,000) are unsecured, interest bearing at a fixed rate of 0.31% per annum and repayable in 2028.
- (iii) Short term borrowings from fellow a subsidiary are unsecured, interest bearing and repayable in 2026. Short term borrowings amounting to US\$284,918,000 (2024: US\$298,126,000) are interest bearing at a fixed rate of 2.72% - 3.40% (2024: 2.82% - 5.8%) per annum. The remaining balance amounting to US\$1,324,000 (2024: US\$5,072,000) is interest free.
- (iv) Short term borrowings from parent company are unsecured, interest bearing and repayable in 2026. Short term borrowings amounting to US\$716,066,000 (2024: US\$477,008,000) are interest bearing at a fixed rate of 2.07% - 2.15% (2024: 2.07%) per annum. The remaining balance amounting to US\$13,162,000 (2024: US\$3,267,000) is interest free.

29 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 aggregate fair value of financial assets accepted as collaterals that the Group is permitted to sell or repledge in the absence of default amounted to US\$205,249,000 (2024: US\$236,596,000), of which US\$192,987,000 (2024: US\$153,074,000) has been sold or repledged to third parties as at 31 December 2025.

Financial assets placed as collaterals

As at 31 December 2025, the carrying amount and fair value of securities sold under agreements to repurchase was US\$11,819,038,000 (2024: US\$14,309,539,000). These securities are the 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.

30 Share capital

	2025		2024	
	Number of shares '000	Share Capital US\$'000	Number of shares '000	Share Capital US\$'000
Ordinary shares, Issued and fully paid:				
As at 1 January	11,792,740	1,756,040	6,516,050	839,059
Increase in share capital	-	-	5,276,690	916,981
As at 31 December	<u>11,792,740</u>	<u>1,756,040</u>	<u>11,792,740</u>	<u>1,756,040</u>

For further expansion of offshore business, approved by board of directors of CITIC Securities Company Limited, there was a capital injection, amounting to HK\$5,000,000,000 and US\$276,689,868 in 2024, with the number of issued shares has increased by 5,276,689,868.

There is no capital injection in 2025.

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

31 Other reserves

Other reserves mainly comprise of regulatory reserves, capital and other reserves, revaluation reserves, as well as foreign currency translation reserves. Please refer to Statement of Changes in equities for detail movements of each item.

During the year, the Group has transferred US\$85,000 (2024: (US\$97,000)) from/(to) regulatory reserves in accordance with regulatory requirements in respective territories where certain subsidiaries operate and are not available for distribution.

32 Deferred tax

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\$77,731,000 (2024: US\$72,228,000) of which US\$77,384,000 (2024: US\$71,646,000) relate to tax losses amounting to US\$374,704,000 (2024: US\$334,847,000) that can be carried forward against future taxable income.

Deferred tax liabilities of US\$15,383,000 (2024: US\$15,069,000) 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\$174,528,000 as at 31 December 2025 (2024: US\$177,435,000).

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:

<i>Deferred tax assets</i>	<i>Salaries, allowances, and bonuses</i> US\$'000	<i>Depreciation allowances</i> US\$'000	<i>Tax loss</i> US\$'000	<i>Others</i> US\$'000	<i>Total</i> US\$'000
At 1 January 2024	14,033	2,117	33,238	2,545	51,933
Recognised in profit or loss	570	(1,446)	(10,442)	2,651	(8,667)
Exchange differences	(178)	(100)	(1,541)	1,627	(192)
At 31 December 2024	<u>14,425</u>	<u>571</u>	<u>21,255</u>	<u>6,823</u>	<u>43,074</u>
At 1 January 2025	14,425	571	21,255	6,823	43,074
Recognised in profit or loss	(5,642)	210	(20,652)	9,470	(16,614)
Exchange differences	481	(2,139)	(380)	3,987	1,949
At 31 December 2025	<u>9,264</u>	<u>(1,358)</u>	<u>223</u>	<u>20,280</u>	<u>28,409</u>

<i>Deferred tax liabilities</i>	<i>Depreciation allowances</i> US\$'000	<i>Others</i> US\$'000	<i>Salaries, allowances, and bonuses</i> US\$'000	<i>Total</i> US\$'000
At 1 January 2024	3,148	5,351	-	8,499
Recognised in profit or loss	(1,052)	(723)	-	(1,775)
Recognised in other comprehensive income	-	(821)	-	(821)
Exchange differences	-	823	-	823
At 31 December 2024	<u>2,096</u>	<u>4,630</u>	<u>-</u>	<u>6,726</u>
At 1 January 2025	2,096	4,630	-	6,726
Recognised in profit or loss	619	1,832	(374)	2,077
Recognised in other comprehensive income	-	(4,995)	-	(4,995)
Exchange differences	(401)	3,235	-	2,834
At 31 December 2025	<u>2,314</u>	<u>4,702</u>	<u>(374)</u>	<u>6,642</u>

33 Cash flow information

33.1 Cash generated from operations

	2025 US\$'000	2024 US\$'000
Profit before tax	1,156,238	655,375
Adjustments for:		
Interest income	(426,459)	(317,217)
Finance costs and securities borrowing and lending expenses	938,279	707,981
Depreciation	41,240	39,644
Amortisation of intangible assets	426	210
Share of profit from joint ventures	(2,376)	(1,386)
Share of profit from associates	(22,741)	(8,165)
Fixed asset written off	74	792
(Gain)/loss on disposal of property, plant and equipment	(9)	1
Loss on disposal of subsidiary	10	-
Impairment loss/(reversal) on investment properties	1,185	(1,538)
Net impairment losses	47,803	1,727
	<u>1,733,670</u>	<u>1,077,424</u>
Changes in working capital:		
Increase in reverse repurchase agreements	(5,187)	(168,354)
Increase in other assets	(8,379)	(12,265)
Decrease/(increase) in financial assets/liabilities at fair value through profit or loss & derivative financial instruments	1,992,503	(5,951,015)
Increase in amounts due from clients, brokers and clearing houses	(7,646,479)	(2,922,366)
(Increase)/decrease in cash collateral advanced for securities borrowing	(916,916)	385,667
Increase in other debtors, deposits and prepaid expenses	(52,403)	(16,724)
Increase in amounts due to clients, brokers and clearing houses	6,954,678	1,763,718
Increase/(decrease) in bonus payable, creditors and accruals	56,291	(5,222)
(Decrease)/increase in repurchase agreements	(1,826,890)	6,947,401
Increase in cash held on behalf of customers	(1,022,845)	(79,936)
	<u>(741,957)</u>	<u>1,018,328</u>
Cash (used in)/generated from operations	<u>(741,957)</u>	<u>1,018,328</u>

33 Cash flow information (continued)

33.2 Analysis of cash and cash equivalents

	2025 US\$'000	2024 US\$'000
Cash and cash equivalent on consolidated statement of position	2,362,864	2,173,442
Less: Restricted balance	(30,153)	(25,807)
Less: Short-term deposit with original maturity more than 3 months	(52,711)	(33,971)
Cash and cash equivalent on consolidated statement of cashflow	<u>2,280,000</u>	<u>2,113,664</u>

33 Cash flow information (continued)

33.3 Reconciliation of liabilities arising from financing activities

	<i>Bank borrowings</i> US\$'000	<i>Lease Liabilities</i> US\$'000	<i>Borrowings from</i> <i>group companies</i> US\$'000	<i>Private</i> <i>placement notes</i> <i>issued to the</i> <i>parent company</i> US\$'000	<i>Debt instrument</i> <i>issued</i> US\$'000
At 1 January 2024	(1,097,295)	(91,293)	(709,829)	(919,172)	(792,516)
Financing cash flows	(875,392)	29,476	(97,325)	919,291	(1,325,040)
New leases	-	(41,914)	-	-	-
Lease modifications	-	5,587	-	-	-
Foreign exchange adjustments	329	1,322	8,749	(119)	21,788
Other changes:					
Interest expense (Note 10)	(105,747)	(4,913)	(25,967)	-	(44,943)
Interest payments	103,810	-	39,306	-	33,635
At 31 December 2024	<u>(1,974,295)</u>	<u>(101,735)</u>	<u>(785,066)</u>	<u>-</u>	<u>(2,107,076)</u>
At 1 January 2025	(1,974,295)	(101,735)	(785,066)	-	(2,107,076)
Financing cash flows	(1,858,265)	29,220	(191,269)	-	(764,073)
New leases	-	(20,641)	-	-	-
Lease modifications	-	(45,139)	-	-	-
Foreign exchange adjustments	(957)	(1,377)	(33,531)	-	(22,980)
Other changes:					
Interest expense (Note 10)	(164,375)	(5,548)	(20,213)	-	(113,419)
Interest payments	159,680	-	13,263	-	109,308
At 31 December 2025	<u>(3,838,212)</u>	<u>(145,220)</u>	<u>(1,016,816)</u>	<u>-</u>	<u>(2,898,240)</u>

34 Assets classified as held for sale

On 29 December 2024, management committed to a plan to sell its 59.03% equity interest in CLSA Premium Limited, a subsidiary of the Company, representing 40% of the total issued shares. Accordingly, all the assets and liabilities of CLSA Premium Limited are classified as held for sale. Efforts to sell the assets classified as held for sale have started and sale has been completed in 2025. On 18 February 2025, the Group disposed 40% of its equity interest for a consideration of US\$12,598,000 (Note 35).

(a) Impairment losses relating to the assets classified as held for sale

There are no impairment losses relating to the assets classified as held for sale.

(b) Assets and liabilities of assets classified as held for sale

As 31 December 2024, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities.

	Top Eminent Healthcare Group Limited US\$'000
Property, plant and equipment	10
Other debtors, deposits and prepaid expenses	9,334
Cash held on behalf of customers	150
Cash and bank balances	26,534
	36,028
Assets classified as held for sale	36,028
Amount due to clients, brokers and clearing houses	145
Tax payable	396
Creditors and other accruals	4,025
	4,566
Liabilities directly associated with assets classified as held for sale	4,566

(c) Cumulative income or expenses included in other comprehensive income.

There are no cumulative income or expenses included in other comprehensive income relating to the assets classified as held for sale.

(d) The valuation approaches used in measuring the fair value of the disposal group are asset-based approach and income approach.

35 Partial disposal of equity interest in subsidiaries

On 18 February 2025, the Group disposed 40% of its equity interest in one of its subsidiaries, CLSA Premium Limited. After the transaction, the Group's remaining interest became 19.03% whereas CLSA Premium Limited become an associate (Note 19).

	Top Eminent Healthcare Group Limited US\$'000
Net assets disposed of:	
Assets classified as held for sale	36,028
Liabilities directly associated with assets classified as held for sale	(4,566)
Other debtors, deposits and prepaid expenses	58
Non-controlling interest	(12,913)
	18,607
Investments in associates	(5,999)
Loss on disposal of subsidiaries	(10)
	12,598
Satisfied by:	
Cash	12,598
An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:	
Cash consideration	12,598

36 Debt instrument issued

	2025 US\$'000	2024 US\$'000
By category		
- Medium term notes issued	2,898,240	2,107,076
By maturity		
- Within one year	931,197	560,451
- One year to five years	1,967,043	1,546,625
	2,898,240	2,107,076

(a) Public issued medium term notes

Below are the public issued medium term notes that are material to the Group

Item	Note	2025 US\$'000	2024 US\$'000
CSI MTN N2504	(i)	-	301,691
CSI MTN N2607-R	(ii)	362,957	344,946
XS2729757109	(iii)	94,055	93,712
CSI MTN N2804	(iv)	501,159	499,955
CSI MTN N2710	(iv)	504,802	505,707
CSI MTN N2807	(v)	775,912	-

- (i) CSI MTN Limited issued US\$300,000,000 3.375 per cent Guaranteed Notes due 2025 under the US\$3,000,000,000 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.
- (ii) CSI MTN Limited issued CNY2,500,000,000 3.1 per cent Guaranteed Notes due 2026 under the US\$3,000,000,000 Medium Term Note Programme (the "MTN Programme") to the public on 13 July 2023. The programme is unconditionally and irrevocably guaranteed by CITIC Securities International Company Limited.
- (iii) CSI MTN Limited issued JPY14,700,000,000 1 per cent Guaranteed Notes due 2027 under the US\$3,000,000,000 Medium Term Note Programme (the "MTN Programme") to the public on 25 January 2024. The programme is unconditionally and irrevocably guaranteed by CITIC Securities International Company Limited.

36 Debt instrument issued (continued)

- (iv) CSI MTN Limited issued US\$500,000,000 4.375 per cent Guaranteed Notes due 2028 and US\$500,000,000 floating rate Guaranteed Notes due 2027 under the US\$5,000,000,000 Medium Term Note Programme (the "MTN Programme") to the public on 22 October 2024. The programme is unconditionally and irrevocably guaranteed by CITIC Securities International Company Limited.
- (v) CSI MTN Limited issued USD600,000,000 floating rate Guaranteed Notes due 2028 under the USD5,000,000,000 Medium Term Note Programme (the "MTN Programme") to the public on 16 July 2025 and USD170,000,000 floating rate Guaranteed Notes due 2028 under the USD5,000,000,000 Medium Term Note Programme (the "MTN Programme") to the public on 4 December 2025. The programme is unconditionally and irrevocably guaranteed by CITIC Securities International Company Limited.

As at 31 December 2025, debt instruments are guaranteed notes under the MTN Programme.

As at 31 December 2025, there was no default related to any issued debt instruments.

37 Commitments

At 31 December 2025, the Group has financial commitments of US\$69,702,000 (2024: US\$59,652,000) arising from having partnership interests in various investment funds.

At 31 December 2025, the Group entered into securities borrowing arrangements with third parties under which it has securities borrowing and lending commitments. The Group had US\$1,784,814,000 (2024: US\$850,681,000) cash collaterals placed with securities lenders for its borrowing of equity securities of a total market value US\$2,727,924,000 (2024: US\$849,753,000) and US\$282,146,000 (2024: US\$264,929,000) cash collaterals received from securities borrowers for their borrowing of equity securities of a total market value US\$397,376,000 (2024: US\$21,225,000).

At 31 December 2025, the Group has unrecognised deferred bonus commitments of US\$39,374,000 (2024: US\$29,961,000) payable to staff subject to vesting periods, for at least 3 years in the future.

38 Related-party transactions

38.1 Balance sheet items

	Note	2025 US\$'000	2024 US\$'000
Right-of-use assets granted to the fellow subsidiaries		3,848	6,797
Derivative financial assets			
- parent company		609,651	1,504,493
- fellow subsidiaries		87,340	27,034
Amounts due from clients, brokers and clearing houses			
- parent company		308,795	80,423
- fellow subsidiaries		1,303,236	790,130
Other debtors, deposits and prepaid expenses from fellow subsidiaries		831	854
Other assets from fellow subsidiaries		9,095	4,360
Short term borrowing to fellow subsidiaries		525,164	24,681
Cash and cash equivalents placed in a bank related to the parent company		58,345	18,648
Cash held on behalf of customers placed in a bank related to the parent company		29,215	16,355
Financial asset at fair value through profit or loss to fellow subsidiaries		35,685	30,377
Financial asset at fair value through other comprehensive income to fellow subsidiaries		-	54,931
Financial liabilities measured at fair value through profit or loss			
- parent company		(3,405,380)	(4,248,770)
- fellow subsidiaries		(50,023)	(97,194)
Derivative financial liabilities			
- parent company		(1,306,098)	(922,313)
- fellow subsidiaries		(276,379)	-
Amount due to parent company		(20,418)	(125)
Amount due to clients, brokers and clearing houses			
- parent company		(4,198,741)	(4,037,811)
- fellow subsidiaries		(21,738)	(5,717)
Creditors and other accruals			
- parent company		(21,434)	(175,962)
- fellow subsidiaries		(1,433)	(1,416)
Short term borrowings			
- parent company	28	(729,228)	(480,275)
- fellow subsidiaries	28	(286,242)	(303,198)
Lease liabilities from fellow subsidiaries		(3,983)	(6,866)
Debt instrument issued		(2,324,831)	(1,831,009)

38 Related-party transactions (continued)

38.2 Statement of profit or loss and comprehensive income items

	Note	2025 US\$'000	2024 US\$'000
Corporate advisory fee from:			
- fellow subsidiaries		992	368
Brokerage commission from fellow subsidiaries		182	15
Other income from related companies	8	14,079	10,880
Net trading (losses)/income from fellow subsidiaries		-	72
Net interest income from:			
- fellow subsidiaries		2,386	4,528
Brokerage commission expense from parent company		(5,554)	(921)
Information services and communication expenses paid to fellow subsidiaries		(345)	(253)
Net settlement charges from fellow subsidiaries		(6,812)	(3,510)
Other operating expenses paid to:			
- parent company		(4,931)	(40)
- fellow subsidiaries		(6,475)	(7,037)
Finance costs:			
- parent company		(10,697)	(4,341)
- fellow subsidiaries		(65,272)	(41,813)
		8,499	8,796

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

38.3 Key management compensation

(a) Key management compensation

	2025 US\$'000	2024 US\$'000
Salaries and other short-term employee benefits	7,309	7,565
Post-employment benefits	80	66
Termination benefits	-	-
Other long-term benefits	1,110	1,165
	8,499	8,796

(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 (2024: Nil).

38 Related-party transactions (continued)

38.4 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 2025, the total amounts committed by the Group under these arrangements was US\$462,500 (2024: US\$4,674,500) and the total amounts utilised was US\$79,000 (2024: US\$282,000).

39 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:

	2025 US\$'000	2024 US\$'000
Directors' Fees		-
Other emoluments:		
Salaries, bonuses, allowance and other non-cash benefits	4,724	4,738
Pension scheme contributions	61	62
Other long-term benefits	493	451
	5,278	5,251

During the years ended 31 December 2025 and 2024, 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 2025, 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 (2024: 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 (2024: Nil).

39 Directors' remuneration (continued)

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 (2024: Nil).

40 Balance Sheet of the Company

	Notes	2025 US\$'000	2024 US\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		2,991	653
Right-of-use assets		91,008	46,040
Investments in subsidiaries	20	3,549,280	3,413,326
Subordinated loan due from a subsidiary		281,216	128,734
Investment in associate		6,023	-
Other assets		142	139
Deferred tax assets		1,021	980
Total non-current assets		<u>3,931,681</u>	<u>3,589,872</u>
CURRENT ASSETS			
Loan due from subsidiaries		729,228	479,548
Subordinated loan due from subsidiary		218,972	-
Due from subsidiaries		34,002	28,724
Tax recoverable		1,661	-
Other debtors, deposits and prepaid expenses		9,252	8,130
Cash and cash equivalents		11,080	2,647
Total current assets		<u>1,004,195</u>	<u>519,049</u>
CURRENT LIABILITIES			
Loan due to subsidiaries		500,188	129,264
Short term borrowings from group companies		729,228	479,118
Due to subsidiaries		25	1
Lease liabilities		11,176	12,304
Creditors and other accruals		43,191	39,959
Bank borrowings		-	19,001
Tax payable		-	278
Total current liabilities		<u>1,283,808</u>	<u>679,925</u>
NET CURRENT LIABILITIES		<u>(279,613)</u>	<u>(160,876)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,652,068</u>	<u>3,428,996</u>

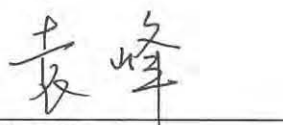
40 Balance Sheet of the Company (continued)

	2025 US\$'000	2024 US\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>3,652,068</u>	<u>3,428,996</u>
NON-CURRENT LIABILITIES		
Lease liabilities	81,350	34,783
Creditors and other accruals	<u>1,023</u>	<u>1,030</u>
Total non-current liabilities	<u>82,373</u>	<u>35,813</u>
Net assets	<u>3,569,695</u>	<u>3,393,183</u>
EQUITY		
Share capital	1,756,040	1,756,040
Other reserves (Note (a))	<u>1,813,655</u>	<u>1,637,143</u>
Total equity	<u>3,569,695</u>	<u>3,393,183</u>

The balance sheet of the Company was approved by the Board of Directors on 16 March 2026 and was signed on its behalf



Director



Director

40 Balance Sheet of the Company (continued)

Note (a): Reserve movement of the Company

	<i>Other reserves</i> US\$'000
At 1 January 2024	1,558,242
Profit for the year	82,833
Effect of change in foreign exchange rate	(3,932)
	1,637,143
At 31 December 2024	1,637,143
Profit for the year	176,683
Effect of change in foreign exchange rate	(171)
	1,813,655
At 31 December 2025	1,813,655

41 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2025

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures - Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

41 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2025 (continued)

HKFRS 18, *Presentation and disclosure in financial statements*

HKFRS 18 will replace HKAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.