

## SUMMARY

*This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to [REDACTED] in the [REDACTED]. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in the section entitled “Risk Factors” in this document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED].*

## OVERVIEW

We are an integrated financial services group deeply rooted in the Greater Bay Area. Our Group has two commercial banks headquartered in Hong Kong and Macau, respectively. We are driven by advanced technology, with a strong connection with the Overseas Chinese community. Through our Banks, CYB and LIB, we provide integrated financial services with a focus on banking services both within and outside Mainland China, to be complemented by financial technology. Furthermore, our CYB and LIB strive to strengthen our integration into the overall national development framework by capitalizing on the opportunities presented by various national strategies. Under the new development pattern of Dual Circulation, our unique and distinct geographical advantages have become even more prominent. As of December 31, 2022, our total assets in the Greater Bay Area reached HK\$375.9 billion, with total loans amounting to HK\$165.7 billion. In 2022, our operating revenue in the Greater Bay Area reached HK\$5.3 billion, and our net profit reached HK\$2.2 billion. As of December 31, 2021, our CYB had total assets of HK\$177.2 billion, which ranked 18<sup>th</sup> among all Licensed Bank incorporated in Hong Kong, and it ranked fourth in terms of the CAGR in total assets from 2017 to 2021 among these banks, according to the F&S Report. Our LIB had total assets of HK\$231.1 billion as of December 31, 2021, and is the third largest bank in Macau in terms of total assets.

With decades of deep cultivation in the Hong Kong and Macau markets, our CYB and LIB have established a strong customer base and a deep connection with the Overseas Chinese community. With a profound Overseas Chinese heritage, we are a leader in providing financial services to the Overseas Chinese community. The current corporate entity of our CYB was incorporated in Hong Kong in 1947 and has been operating for over 70 years. Our CYB’s customer base includes Overseas Chinese individuals, entrepreneurs, and enterprises from Guangdong Province, Hong Kong, Macau, Fujian Province, and Southeast Asia. As of December 31, 2022, we served over 60,000 Overseas Chinese Customers, accounting for more than 20% of our total customer base of CYB and LIB. As of December 31, 2022, our deposits from Overseas Chinese were more than HK\$41.0 billion, constituting over 14% of our total deposits portfolio, and our loans and advances to Overseas Chinese were more than HK\$24.4 billion, constituting over 10% of the total amount of our loan portfolio. According to the F&S Report, as of December 31, 2021, our Overseas Chinese financial business ranked in the top 6% among our peers in Hong Kong and Macau. We

## SUMMARY

have actively participated in the formulation of industry standards for Overseas Chinese Finance services, the first of its kind in the Chinese banking industry, and are one of the few institutions in the banking industry with a dedicated Overseas Chinese banking department, which positions us as a leader in Overseas Chinese financial services.

We remain committed to a prudent approach that combines steady business development with cautious risk management principles. Despite the complexities of the economic environment, as of December 31, 2020, 2021 and 2022, our consolidated NPL ratios stood at 0.40%, 0.61%, and 1.38%, respectively, which were significantly lower than 1.65%, 1.57%, and 1.58%, the market average ratios for all Hong Kong-listed banks during the same periods, according to the F&S Report. Meanwhile, our CYB and LIB actively capitalize on policy opportunities both within and outside Mainland China. We hold operating licenses in banking, asset management, investment banking, and equity investment, enabling us to efficiently manage our integrated operations through CYB and LIB, both within and outside Mainland China. Leveraging our Overseas Chinese and Fujian backgrounds, we provide high-quality comprehensive financial services to Chinese and Overseas Chinese customers. In addition, we embrace the technological advancements and opportunities in the domestic and international digital economy through our financial technology subsidiary. This allows us to contribute to the development of financial technology in the Greater Bay Area, while serving as a catalyst for synergistic growth.

## OUR COMPETITIVE STRENGTHS

We believe that our success is primarily attributable to the following competitive strengths:

- based in the Greater Bay Area and deeply rooted in the Hong Kong and Macau markets, we harness our innate international DNA, distinct strategic positioning, unique geographical advantages, and policy strengths;
- with a robust heritage in Overseas Chinese culture and a solid customer base, we take immense pride in our role as inheritors of the “Kah Kee Spirit (嘉庚精神)” and as leaders in the field of Overseas Chinese Finance;
- we serve as inherent cross-border financial service providers and capitalize on the advantages of operating in markets both within and outside Mainland China, leveraging our multi-licensed integrated operations. This enables us to offer unique and comprehensive cross-border financial services, ensuring stable business growth and operational efficiency;
- we are dedicated to implementing a financial technology strategy that leverages technology to empower our business development and establish a cross-border financial service platform supported by the fusion of “financial + digital technology”;
- we consistently maintain exceptional asset quality through a well-executed operational strategy, comprehensive risk management mechanisms, and intelligent risk control systems; and
- we embody a modern financial corporate culture, led by an experienced management team. We have established a robust talent development system and enjoy strong support from our Shareholders.

For more details of our competitive strengths, please see “Business — Competitive Strengths.”

## SUMMARY

### OUR DEVELOPMENT STRATEGIES

We intend to implement the following strategies to further grow our business, strengthen our market position, and create value for our Shareholders:

- international business layout integrating with the national strategy and advancement of the “northbound, westbound and southbound” policy to facilitate more comprehensive and efficient expansion of financial service network;
- we strive to implement a specialized business model that prominently emphasizes Overseas Chinese Finance. Our goal is to establish a cutting-edge core business system and consistently enhance our competitiveness;
- we are committed to the digital transformation, aiming to foster a collaborative development of technology and accelerate the construction and innovation of financial technology;
- we are dedicated to enhancing our development potential by actively pursuing multiple licenses and implementing integrated operations. This strategic approach enables us to explore new channels for profit growth and discover innovative financing channels;
- we aim to achieve localization and high-quality development by strengthening our investments in local industries and customers, thereby improving the quality and efficiency of our services to the real economy;
- we are committed to enhancing our digital risk management capabilities and establishing a robust risk control mechanism to ensure comprehensive risk management;
- we aim to provide Green Financing services by accelerating the construction of a Green Financing system and embracing the principles of sustainable development; and
- we will enhance our human resources system and actively attract and cultivate high-quality talents.

For more details of our development strategies, please see “Business — Our Development Strategies.”

### SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Please note that the discussion and analysis presented in this document should be considered in conjunction with our historical financial information, including the accompanying notes provided in Appendix I of this document. Our historical financial information has been prepared in accordance with HKFRS.

In addition, as our banking businesses are operated through two entities, namely CYB and LIB, we are subject to rigorous regulation and oversight from the respective authorities. CYB is regulated by the HKMA, while LIB is overseen by the AMCM. These regulatory bodies enforce stringent requirements to ensure the stability and soundness of the banking sector. Consequently, we are required to file separate audited financial statements for CYB and LIB, as mandated by the regulatory framework. As a result, we have included the statements of profit or loss and other comprehensive income as well as balance sheet statements of each bank in this document to ensure transparent and comprehensive disclosure of our financial performance. The historical information

## SUMMARY

of CYB and LIB included in this document has been prepared in accordance with HKFRS. By providing separate statements of profit or loss and other comprehensive income and balance sheet statement, [REDACTED] can obtain a more comprehensive understanding of the underlying financial performance of our Company, including the net interest margin, net interest spread and profitability of each bank. This approach allows for a more focused and meaningful analysis of the specific operations and performance of CYB and LIB, enabling [REDACTED] to make well-informed [REDACTED] decisions based on a more accurate assessment of each entity’s financial performance and prospects.

### Selected Data from Consolidated Statements of Financial Position

The following tables set forth selected data from the consolidated statements of financial position of our Group, CYB and LIB as of the dates indicated:

Our Group:	As of December 31,					
	2020		2021		2022	
	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of HK\$, except percentages)					
<b>Assets</b>						
Loans and advances to customers . . . . .	193,840.1	50.5%	204,907.7	49.8%	209,276.8	49.9%
Cash and balances with banks and other financial institutions . . . . .	41,790.6	10.9%	48,754.3	11.8%	45,561.0	11.0%
Placements with banks and other financial institutions . . . . .	8,998.7	2.3%	5,500.5	1.3%	6,428.9	1.5%
Derivative financial instruments . . . . .	153.9	0.0%	111.5	0.0%	368.0	0.1%
Financial assets at FVTPL . . . . .	14,115.6	3.7%	9,873.1	2.4%	9,357.3	2.2%
Investments in securities at: . . . . .	116,256.7	30.3%	133,473.2	32.5%	137,741.9	32.8%
— FVOCI . . . . .	93,194.1	24.3%	113,504.0	27.6%	92,306.3	22.0%
— Amortized cost . . . . .	23,062.6	6.0%	19,969.2	4.9%	45,435.6	10.8%
Properties, plant and equipment . . . . .	2,630.5	0.7%	2,709.5	0.7%	2,829.0	0.7%
Investment properties . . . . .	119.4	0.0%	119.4	0.0%	113.5	0.0%
Deferred tax assets . . . . .	311.5	0.1%	307.7	0.1%	487.0	0.1%
Current tax assets . . . . .	21.5	0.0%	6.9	0.0%	—	—
Other assets <sup>(1)</sup> . . . . .	2,523.4	0.7%	2,493.1	0.6%	4,103.0	1.0%
Goodwill . . . . .	3,113.0	0.8%	3,113.0	0.8%	3,113.0	0.7%
<b>Total assets</b> . . . . .	<b>383,874.9</b>	<b>100.0%</b>	<b>411,369.9</b>	<b>100.0%</b>	<b>419,379.4</b>	<b>100.0%</b>
<b>Liabilities</b>						
Deposits and balances from banks and other financial institutions . . . . .	48,668.6	13.7%	67,940.4	18.0%	53,282.4	13.8%
Deposits from customers . . . . .	279,995.9	78.8%	274,930.8	72.7%	289,564.8	75.1%
Financial liabilities at fair value through profit or loss . . . . .	21.8	0.0%	12.6	0.0%	12.8	0.0%
Derivative financial instruments . . . . .	230.2	0.1%	99.5	0.0%	99.9	0.0%
Financial liabilities in respect of financial assets sold under repurchase agreement . . . . .	18,488.4	5.2%	25,074.2	6.6%	30,639.2	7.9%
Current tax liabilities . . . . .	301.5	0.1%	359.6	0.1%	228.0	0.1%
Deferred tax liabilities . . . . .	156.8	0.0%	160.1	0.0%	103.3	0.0%
Debt securities issued . . . . .	3,738.6	1.1%	5,612.5	1.5%	7,027.1	1.8%
Other liabilities <sup>(2)</sup> . . . . .	3,677.1	1.0%	3,952.2	1.1%	4,617.6	1.3%
<b>Total liabilities</b> . . . . .	<b>355,278.9</b>	<b>100.0%</b>	<b>378,141.9</b>	<b>100.0%</b>	<b>385,575.1</b>	<b>100.0%</b>
<b>Total equity</b> . . . . .	<b>28,596.0</b>		<b>33,228.0</b>		<b>33,804.3</b>	
<b>Total liabilities and equity</b> . . . . .	<b>383,874.9</b>		<b>411,369.9</b>		<b>419,379.4</b>	

Notes:

- (1) Consisted primarily of receivables from unsettled transactions, land use right, repossessed assets, foreclosed assets and clearing and settlement.
- (2) Other liabilities primarily include clearing and settlement, employee salary and benefits and lease liabilities.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

## SUMMARY

CYB:	As of December 31,					
	2020		2021		2022	
	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of HK\$, except percentages)					
<b>Assets</b>						
Loans and advances to customers . . . . .	78,389.8	47.9%	84,145.5	47.5%	87,488.8	48.1%
Cash and balances with banks and other financial institutions . . .	22,971.8	14.1%	24,218.4	13.7%	22,549.7	12.4%
Placements with banks and other financial institutions . . . . .	7,440.3	4.6%	227.7	0.1%	3,503.2	1.9%
Derivative financial instruments . . . . .	140.5	0.1%	97.1	0.1%	74.4	0.0%
Financial assets at FVTPL . . . . .	664.0	0.4%	1,854.4	1.0%	2,719.9	1.5%
Investments in securities at: . . . . .	50,153.1	30.6%	63,808.6	36.0%	61,378.4	33.8%
— FVOCI . . . . .	48,802.1	29.8%	60,689.3	34.2%	48,647.8	26.8%
— Amortized cost . . . . .	1,351.0	0.8%	3,119.3	1.8%	12,730.6	7.0%
Properties, plant and equipment . . . . .	2,018.6	1.2%	2,011.8	1.1%	1,959.2	1.1%
Investment properties . . . . .	117.1	0.1%	117.1	0.1%	111.2	0.1%
Deferred tax assets . . . . .	24.2	0.0%	42.2	0.0%	57.2	0.0%
Current tax assets . . . . .	21.5	0.0%	6.9	0.0%	—	—
Other assets <sup>(1)</sup> . . . . .	1,561.3	1.0%	673.8	0.4%	2,005.6	1.1%
<b>Total assets</b> . . . . .	<b>163,502.2</b>	<b>100.0%</b>	<b>177,203.5</b>	<b>100.0%</b>	<b>181,847.6</b>	<b>100.0%</b>
<b>Liabilities</b>						
Deposits and balances from banks and other financial institutions	11,831.2	8.1%	18,184.7	11.5%	8,145.2	5.0%
Deposits from customers . . . . .	122,573.0	84.1%	126,706.4	80.0%	140,834.8	85.9%
Financial liabilities at fair value through profit or loss . . . . .	—	—	—	—	—	—
Derivative financial instruments . . . . .	75.5	0.1%	52.4	0.0%	81.7	0.0%
Financial liabilities in respect of financial assets sold under repurchase agreement . . . . .	8,736.4	6.0%	10,378.5	6.5%	10,227.9	6.2%
Current tax liabilities . . . . .	58.1	0.0%	131.7	0.1%	48.9	0.0%
Deferred tax liabilities . . . . .	139.7	0.1%	144.5	0.1%	89.1	0.1%
Debt securities issued . . . . .	—	—	—	—	1,572.2	1.0%
Other liabilities <sup>(2)</sup> . . . . .	2,258.3	1.6%	2,919.4	1.8%	3,020.3	1.8%
<b>Total liabilities</b> . . . . .	<b>145,672.2</b>	<b>100.0%</b>	<b>158,517.6</b>	<b>100.0%</b>	<b>164,020.1</b>	<b>100.0%</b>
<b>Total equity</b> . . . . .	<b>17,830.0</b>		<b>18,685.9</b>		<b>17,827.5</b>	
<b>Total liabilities and equity</b> . . . . .	<b>163,502.2</b>		<b>177,203.5</b>		<b>181,847.6</b>	

Notes:

- (1) Consisted primarily of receivables from unsettled transactions, clearing and settlement, repossessed assets, foreclosed assets.
- (2) Other liabilities primarily include clearing and settlement, employee salary and benefits and lease liabilities.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

## SUMMARY

LIB:	As of December 31,					
	2020		2021		2022	
	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of HK\$, except percentages)					
<b>Assets</b>						
Loans and advances to customers . . . . .	115,450.3	53.2%	120,762.2	52.3%	121,788.0	52.0%
Cash and balances with banks and other financial institutions . . . . .	18,758.9	8.6%	24,597.2	10.5%	22,876.7	9.8%
Placements with banks and other financial institutions . . . . .	1,558.4	0.7%	5,272.8	2.3%	2,925.7	1.2%
Derivative financial instruments . . . . .	13.4	0.0%	14.4	0.0%	293.5	0.1%
Financial assets at FVTPL . . . . .	13,451.6	6.2%	8,018.7	3.5%	6,637.4	2.8%
Investments in securities at: . . . . .	66,253.6	30.5%	69,814.6	30.3%	76,513.5	32.7%
— FVOCI . . . . .	44,392.0	20.4%	52,814.7	22.9%	43,658.5	18.7%
— Amortized cost . . . . .	21,861.6	10.1%	16,999.9	7.4%	32,855.0	14.0%
Properties, plant and equipment . . . . .	609.0	0.3%	697.1	0.3%	870.6	0.4%
Investment properties . . . . .	—	—	—	—	—	—
Deferred tax assets . . . . .	287.3	0.1%	265.4	0.1%	429.7	0.2%
Current tax assets . . . . .	—	—	—	—	—	—
Other assets <sup>(1)</sup> . . . . .	813.4	0.4%	1,662.6	0.7%	1,960.0	0.8%
<b>Total assets</b> . . . . .	<b>217,195.9</b>	<b>100.0%</b>	<b>231,105.0</b>	<b>100.0%</b>	<b>234,295.1</b>	<b>100.00%</b>
<b>Liabilities</b>						
Deposits and balances from banks and other financial institutions	30,214.8	14.8%	43,246.8	20.2%	39,510.4	18.3%
Deposits from customers . . . . .	158,492.1	77.6%	149,605.4	69.7%	149,267.1	68.9%
Financial liabilities at fair value through profit or loss . . . . .	21.8	0.0%	12.6	0.0%	12.8	0.0%
Derivative financial instruments . . . . .	154.8	0.1%	47.4	0.0%	18.3	0.0%
Financial liabilities in respect of financial assets sold under repurchase agreement . . . . .	9,752.0	4.8%	14,695.7	6.8%	20,411.3	9.4%
Current tax liabilities . . . . .	243.4	0.1%	227.9	0.1%	179.0	0.1%
Deferred tax liabilities . . . . .	—	—	—	—	—	—
Debt securities issued . . . . .	3,888.6	1.9%	5,762.5	2.7%	5,605.0	2.6%
Other liabilities <sup>(2)</sup> . . . . .	1,413.4	0.7%	1,006.1	0.5%	1,561.3	0.7%
<b>Total liabilities</b> . . . . .	<b>204,180.9</b>	<b>100.0%</b>	<b>214,604.4</b>	<b>100.0%</b>	<b>216,565.2</b>	<b>100.0%</b>
<b>Total equity</b> . . . . .	<b>13,015.0</b>		<b>16,500.6</b>		<b>17,729.9</b>	
<b>Total liabilities and equity</b> . . . . .	<b>217,195.9</b>		<b>231,105.0</b>		<b>234,295.1</b>	

Notes:

- (1) Consisted primarily of receivables from unsettled transactions, clearing and settlement, land use right, foreclosed assets.
- (2) Other liabilities primarily include clearing and settlement, employee salary and benefits and lease liabilities.

For details, please see “Assets and Liabilities.”

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

## SUMMARY

### Selected Data from the Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following tables set forth our Group, CYB and LIB consolidated statements of profit or loss and other comprehensive income for the years indicated.

<b>Our Group:</b>	<b>For the year ended December 31,</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<b>(in millions of HK\$)</b>		
Interest income . . . . .	10,051.4	8,701.2	10,329.8
— Interest income calculated using the effective interest method . . . . .	9,963.1	8,616.0	10,280.4
— Other interest income . . . . .	88.3	85.2	49.4
Interest expense . . . . .	(6,294.0)	(4,833.1)	(6,142.8)
<b>Net interest income . . . . .</b>	<b>3,757.4</b>	<b>3,868.1</b>	<b>4,187.0</b>
Fee and commission income . . . . .	1,371.5	1,354.9	1,256.1
Fee and commission expense . . . . .	(69.7)	(81.6)	(97.0)
<b>Net fee and commission income . . . . .</b>	<b>1,301.8</b>	<b>1,273.3</b>	<b>1,159.1</b>
Dividend income . . . . .	2.2	39.7	73.7
Net trading losses/gains . . . . .	(158.1)	(134.3)	53.0
Net gains on other financial instruments . . . . .	915.1	636.7	606.9
Net loss from disposal of property, plant and equipment . . . . .	0.0	(0.9)	—
Other operating income <sup>(1)</sup> . . . . .	10.0	18.2	43.0
Operating expenses . . . . .	(2,148.4)	(2,556.0)	(2,615.9)
Net (charge)/reversal of impairment allowances . . . . .	(1,398.6)	892.9	(902.4)
Net loss from fair value changes on investment properties . . . . .	(4.8)	—	(5.9)
<b>Profit before taxation . . . . .</b>	<b>2,276.6</b>	<b>4,037.7</b>	<b>2,598.5</b>
Taxation . . . . .	(202.1)	(387.4)	(209.1)
<b>Profit . . . . .</b>	<b>2,074.5</b>	<b>3,650.3</b>	<b>2,389.4</b>
<b>Profit attributable to:</b>			
Equity shareholders of the Company . . . . .	944.0	1,783.2	1,041.2
Non-controlling interests . . . . .	848.7	1,585.0	958.7
Holder of other equity instruments . . . . .	281.8	282.1	389.5
<b>Earnings per share (HK\$/share):</b>			
— Basic and diluted . . . . .	0.19	0.28	0.16

*Note:*

(1) Consisted primarily of rental income, government subsidies and early redemption fees.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

## SUMMARY

CYB:	For the year ended December 31,		
	2020	2021	2022
	(in millions of HK\$)		
Interest income . . . . .	3,846.0	3,017.9	4,053.0
— Interest income calculated using the effective interest method . . . . .	3,817.0	2,983.7	4,019.9
— Other interest income . . . . .	29.0	34.2	33.1
Interest expense . . . . .	(2,133.7)	(1,366.0)	(2,249.9)
<b>Net interest income . . . . .</b>	<b>1,712.3</b>	<b>1,651.9</b>	<b>1,803.1</b>
Fee and commission income . . . . .	835.0	727.5	740.5
Fee and commission expense . . . . .	(31.6)	(33.6)	(34.7)
<b>Net fee and commission income . . . . .</b>	<b>803.4</b>	<b>693.9</b>	<b>705.8</b>
Dividend income . . . . .	2.2	39.4	73.7
Net trading (losses)/gains . . . . .	(44.6)	(59.9)	82.8
Net gains on other financial instruments . . . . .	306.0	53.2	258.4
Net loss from disposal of property, plant and equipment . . . . .	0.0	(0.9)	—
Other operating income <sup>(1)</sup> . . . . .	5.4	6.6	13.2
Operating expenses . . . . .	(1,118.5)	(1,297.2)	(1,333.5)
Net (charge)/reversal of impairment allowances . . . . .	(638.4)	215.6	(540.0)
Net loss from fair value changes on investment properties . . . . .	(4.7)	—	(5.9)
<b>Profit before taxation . . . . .</b>	<b>1,023.1</b>	<b>1,302.6</b>	<b>1,057.6</b>
Taxation . . . . .	(177.4)	(183.5)	(142.9)
<b>Profit . . . . .</b>	<b>845.7</b>	<b>1,119.1</b>	<b>914.7</b>

*Note:*

(1) Consisted primarily of rental income and government subsidies.

LIB:	For the year ended December 31,		
	2020	2021	2022
	(in millions of HK\$)		
Interest income . . . . .	6,204.8	5,683.2	6,276.2
— Interest income calculated using the effective interest method . . . . .	6,145.5	5,632.2	6,259.8
— Other interest income . . . . .	59.3	51.0	16.4
Interest expense . . . . .	(4,029.1)	(3,374.4)	(3,744.4)
<b>Net interest income . . . . .</b>	<b>2,175.7</b>	<b>2,308.8</b>	<b>2,531.8</b>
Fee and commission income . . . . .	536.6	627.5	515.6
Fee and commission expense . . . . .	(24.7)	(31.4)	(30.3)
<b>Net fee and commission income . . . . .</b>	<b>511.9</b>	<b>596.1</b>	<b>485.3</b>
Dividend income . . . . .	—	0.3	—
Net trading losses . . . . .	(113.6)	(74.4)	(29.8)
Net gains on other financial instruments . . . . .	609.2	583.5	348.5
Net loss from disposal of property, plant and Equipment . . . . .	—	—	—
Other operating income <sup>(1)</sup> . . . . .	6.1	13.1	31.2
Operating expenses . . . . .	(1,000.8)	(1,215.2)	(1,252.8)
Net (charge)/reversal of impairment allowances . . . . .	(760.2)	677.4	(362.6)
Net loss from fair value changes on investment properties . . . . .	—	—	—
<b>Profit before taxation . . . . .</b>	<b>1,428.3</b>	<b>2,889.6</b>	<b>1,751.6</b>
Taxation . . . . .	(26.2)	(205.3)	(67.5)
<b>Profit . . . . .</b>	<b>1,402.1</b>	<b>2,684.3</b>	<b>1,684.1</b>

*Note:*

(1) Consisted primarily of earlier redemption fees and government subsidies.

For discussions on the fluctuations in our consolidated statements of profit or loss and other comprehensive income, please see “Financial Information — Results of Operations for the Years Ended December 31, 2020 and 2021,” and “Financial Information — Results of Operations for the Years Ended December 31, 2021 and 2022.”



THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

## SUMMARY

### Distribution of Loans and Advances by Customers

Our loans and advances to customers consist of corporate loans, personal loans and discounted bills. The following table sets forth our Group’s loans and advances by customers as of the dates indicated:

Our Group:	As of December 31,					
	2020		2021		2022	
	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of HK\$, except percentages)					
<b>Loans and advances to customers<sup>(1)</sup></b>						
Corporate loans and advances . . . . .	155,394.5	78.7%	157,746.0	76.1%	153,364.1	72.5%
Personal loans and advances . . . . .	38,183.6	19.4%	46,377.7	22.4%	56,964.4	26.9%
Discounted bills . . . . .	3,739.8	1.9%	3,127.8	1.5%	1,274.0	0.6%
<b>Gross loans and advances to customers . . . . .</b>	<b>197,317.9</b>	<b>100.0%</b>	<b>207,251.5</b>	<b>100.0%</b>	<b>211,602.5</b>	<b>100.0%</b>
<b>Less: impairment allowances</b>						
Stage 1 . . . . .	(2,807.5)	80.7%	(1,836.6)	78.4%	(1,430.2)	61.5%
Stage 2 . . . . .	(92.2)	2.7%	(17.1)	0.7%	(238.5)	10.3%
Stage 3 . . . . .	(578.1)	16.6%	(490.1)	20.9%	(657.0)	28.2%
<b>Subtotal . . . . .</b>	<b>(3,477.8)</b>	<b>100.0%</b>	<b>(2,343.8)</b>	<b>100.0%</b>	<b>(2,325.7)</b>	<b>100.0%</b>
<b>Net loans and advances to customers . . . . .</b>	<b>193,840.1</b>		<b>204,907.7</b>		<b>209,276.8</b>	

Note:

- (1) For the three years ended December 31, 2020, 2021 and 2022, interest accrued on our loans and advances to customers was HK\$988.0 million, HK\$991.3 million and HK\$1,595.3 million, respectively.

For details, please see “Assets and Liabilities — Assets — Loans and Advances to Customers — Distribution of Loans and Advances by Customers.”

### Maturity Profile of Loan Portfolio

The following table sets forth the distribution of our Group’s loan products by remaining maturity as of the date indicated:

	As of December 31, 2022						
			Due in	Due over	Due over		
			3 months or	3 months up	1 year up to	Due in more	
Our Group:	Overdue <sup>(1)</sup>	On demand	less	to	5 years	than 5 years	Total
			(in millions of HK\$)				
Corporate loans . . . . .	4,571.1	390.9	15,546.6	57,580.5	68,590.7	6,684.3	153,364.1
Personal loans . . . . .	574.9	11,818.1	912.7	3,904.6	10,648.7	29,105.4	56,964.4
Discounted bills . . . . .	—	1,229.3	44.7	—	—	—	1,274.0
Gross loans and advances to customers. . . . .	5,146.0	13,438.3	16,504.0	61,485.1	79,239.4	35,789.7	211,602.5

Note:

- (1) Represented the balance of principal of the loans on which principal or interest was overdue as of December 31, 2022.

For details, please see “Assets and Liabilities — Assets — Loans and Advances to Customers — Maturity Profile of Loan Portfolio.”

## SUMMARY

### CASH FLOWS

The following table sets forth our Group’s cash flow for the periods indicated:

<u>Our Group:</u>	For the year ended December 31,		
	2020	2021	2022
	(in millions of HK\$)		
Net cash flows (used in)/generated from operating activities . . . . .	8,034.9	5,111.1	(5,678.1)
— operating profit before changes in operating assets and liabilities . . . . .	4,819.1	3,635.8	4,162.0
— changes in operating assets and liabilities . . . . .	3,712.5	1,721.1	(9,453.6)
— income tax paid . . . . .	(496.7)	(245.8)	(386.5)
Net cash flows (used in)/generated from investing activities . . . . .	(237.3)	(220.7)	(178.3)
Net cash flows generated from/(used in) financing activities . . . . .	2,166.3	2,557.9	239.2
<b>Net (decreased)/increase in cash and cash equivalents . . . . .</b>	<b>9,963.9</b>	<b>7,448.3</b>	<b>(5,617.2)</b>

For details of our Group’s cash flow analysis, please see “Financial Information — Cash Flows” and the consolidated statements of cash flows in appendix I to this document.

### OUR PRINCIPAL BUSINESS LINES

Our principal lines of business comprise corporate banking, retail banking, and financial market. The following table sets forth our operating income before impairment allowances by segments for the periods indicated:

<u>Our Group:</u>	For the year ended December 31,					
	2020		2021		2022	
	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of HK\$, except for percentages)					
Corporate banking . . . . .	3,638.7	62.4%	3,830.0	67.2%	3,898.6	63.7%
Retail banking . . . . .	1,153.7	19.8%	1,236.1	21.7%	1,225.8	20.0%
Financial market . . . . .	1,259.5	21.6%	792.7	13.9%	947.3	15.5%
Others <sup>(1)</sup> . . . . .	(223.5)	(3.8)%	(157.1)	(2.8)%	51.0	0.8%
<b>Total . . . . .</b>	<b>5,828.4</b>	<b>100.0%</b>	<b>5,701.7</b>	<b>100.0%</b>	<b>6,122.7</b>	<b>100.0%</b>

*Note:*

- (1) The “others” consists primarily of income or expense that is not directly attributable to any specific business segment such as (a) interest expense for our Company; (b) net fee and commission expense for XIIL; (c) net dividend income; (d) net trading gain for CYB and our Company; and (e) consolidation adjustments. For details of the consolidation adjustments and the net loss incurred under “others”, please refer to “Financial Information — Summary of Segment Operation Results.”

The following two tables set forth our CYB and LIB’s operating income before impairment allowances by segments for the periods indicated:

<u>CYB:</u>	For the year ended December 31,					
	2020		2021		2022	
	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of HK\$, except for percentages)					
Corporate banking . . . . .	1,820.8	65.4%	1,670.1	70.0%	1,914.9	65.2%
Retail banking . . . . .	691.2	24.8%	679.9	28.5%	802.5	27.3%
Financial market <sup>(1)</sup> . . . . .	350.6	12.6%	81.4	3.4%	(12.7)	(0.4)%
Others <sup>(2)</sup> . . . . .	(77.9)	(2.8)%	(46.3)	(1.9)%	232.3	7.9%
<b>Total . . . . .</b>	<b>2,784.7</b>	<b>100.0%</b>	<b>2,385.1</b>	<b>100.0%</b>	<b>2,937.0</b>	<b>100.0%</b>

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

## SUMMARY

Notes:

- (1) Please refer to “Financial Information — Summary of Segment Operating Results” for details of the loss incurred in the “financial market” segment for the year ended December 31, 2022.
- (2) The “others” consists primarily of income or expense that is not directly attributable to any specific business segment such as (a) net dividend income; (b) net trading gain for CYB; and (c) net gain/(loss) on financial instruments designated at fair value through profit or loss. For details of the net loss incurred under “others”, please refer to “Financial Information — Summary of Segment Operation Results.”

LIB:	For the year ended December 31,					
	2020		2021		2022	
	Amount	% of total	Amount	% of total	Amount	% of total
	(in millions of HK\$, except for percentages)					
Corporate banking . . . . .	1,817.9	57.0%	2,159.9	63.0%	1,983.7	58.9%
Retail banking . . . . .	462.5	14.5%	556.2	16.2%	423.3	12.6%
Financial market . . . . .	908.9	28.5%	711.3	20.8%	960.0	28.5%
<b>Total . . . . .</b>	<b>3,189.3</b>	<b>100.0%</b>	<b>3,427.4</b>	<b>100.0%</b>	<b>3,367.0</b>	<b>100.0%</b>

## SELECTED FINANCIAL RATIOS

The following table sets forth our Group’s profitability and asset quality indicators for the periods indicated:

Our Group:	For the year ended December 31,		
	2020	2021	2022
NPL ratio <sup>(1)</sup> . . . . .	0.40%	0.61%	1.38%
Return on assets <sup>(2)</sup> . . . . .	0.56%	0.92%	0.58%
Return on equity <sup>(3)</sup> . . . . .	7.74%	11.81%	7.13%
Net interest spread <sup>(4)</sup> . . . . .	0.93%	0.93%	0.95%
Net interest margin <sup>(5)</sup> . . . . .	1.05%	1.03%	1.07%
Cost-to-income ratio <sup>(6)</sup> . . . . .	36.86%	44.83%	42.73%
Loan-to-deposit ratio <sup>(7)</sup> . . . . .	70.47%	75.38%	73.08%

Notes:

- (1) Calculated by dividing total NPLs by gross loans and advances to customers. There is no regulatory requirement for NPL ratio.
- (2) Calculated by dividing net profit for the period by the average balance of total assets at the beginning and the end of the period.
- (3) Calculated by dividing the net profit for the period by the average balance of total equity at the beginning and end of the period.
- (4) Calculated as the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities.
- (5) Calculated by dividing net interest income by the average balance of total interest-earning assets.
- (6) Calculated by dividing total operating expenses (excluding taxes and surcharges) by total operating income.
- (7) Calculated by dividing total loans and advances to customers by total deposits from customers.

The following table sets forth profitability and asset quality indicators of CYB for the periods indicated:

CYB:	For the year ended December 31,		
	2020	2021	2022
NPL ratio <sup>(1)</sup> . . . . .	0.39%	0.80%	1.38%
Return on assets <sup>(2)</sup> . . . . .	0.54%	0.66%	0.51%
Return on equity <sup>(3)</sup> . . . . .	5.31%	6.13%	5.01%
Net interest spread <sup>(4)</sup> . . . . .	0.99%	0.94%	0.93%
Net interest margin <sup>(5)</sup> . . . . .	1.12%	1.04%	1.06%
Cost-to-income ratio <sup>(6)</sup> . . . . .	40.17%	54.39%	45.40%
Loan-to-deposit ratio <sup>(7)</sup> . . . . .	64.58%	66.83%	62.46%

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

## SUMMARY

*Notes:*

- (1) Calculated by dividing total NPLs by gross loans and advances to customers. There is no regulatory requirements for NPL.
- (2) Calculated by dividing net profit for the period by the average balance of total assets at the beginning and the end of the period.
- (3) Calculated by dividing the net profit for the period by the average balance of total equity at the beginning and end of the period.
- (4) Calculated as the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities.
- (5) Calculated by dividing net interest income by the average balance of total interest-earning assets.
- (6) Calculated by dividing total operating expenses (excluding taxes and surcharges) by total operating income.
- (7) Calculated by dividing total loans and advances to customers by total deposits from customers.

The following table sets forth profitability and asset quality indicators of LIB for the periods indicated:

LIB:	For the year ended December 31,		
	2020	2021	2022
NPL ratio <sup>(1)</sup>	0.40%	0.48%	1.38%
Return on assets <sup>(2)</sup>	0.67%	1.20%	0.72%
Return on equity <sup>(3)</sup>	11.23%	18.19%	9.84%
Net interest spread <sup>(4)</sup>	0.93%	0.94%	1.01%
Net interest margin <sup>(5)</sup>	1.06%	1.07%	1.15%
Cost-to-income ratio <sup>(6)</sup>	31.38%	35.46%	37.21%
Loan-to-deposit ratio <sup>(7)</sup>	74.55%	81.93%	82.83%

*Notes:*

- (1) Calculated by dividing total NPLs by gross loans and advances to customers. There is no regulatory requirements for NPL.
- (2) Calculated by dividing net profit for the period by the average balance of total assets at the beginning and the end of the period.
- (3) Calculated by dividing the net profit for the period by the average balance of total equity at the beginning and end of the period.
- (4) Calculated as the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities.
- (5) Calculated by dividing net interest income by the average balance of total interest-earning assets.
- (6) Calculated by dividing total operating expenses (excluding taxes and surcharges) by total operating income.
- (7) Calculated by dividing total loans and advances to customers by total deposits from customers.

## REGULATORY INDICATORS

The following table sets forth certain of our CYB’s regulatory indicators as of the dates indicated, calculated in accordance with the requirements of the Hong Kong banking regulatory authorities and applicable accounting standards:

CYB:	Regulatory requirement <sup>(1)</sup>	As of December 31,		
		2020	2021	2022
Capital Adequacy Indicators				
Common equity Tier 1 capital ratio <sup>(2)</sup>	≥4.5%	15.66%	14.65%	13.23%
Tier 1 capital adequacy ratio <sup>(3)</sup>	≥6.0%	17.79%	16.54%	14.36%
Total capital ratio <sup>(4)</sup>	≥8.0%	19.23%	17.85%	16.34%
Other indicators				
Leverage ratio <sup>(5)</sup>	≥3.0%	9.85%	9.50%	8.51%
Liquidity coverage ratio <sup>(6)</sup>	≥100.0%	250.22%	172.44%	205.67%
Net stable funding ratio <sup>(7)</sup>	≥100.0%	148.60%	123.39%	120.98%

*Notes:*

- (1) These are the regulatory indicators, thresholds, and requirements prescribed by the relevant banking rules and regulations in Hong Kong.
- (2) Calculated by dividing core tier-one capital, net of core tier-one capital deductions, by risk-weighted assets. For details, please see “Supervision and Regulation — Hong Kong — Capital Adequacy” and “— Capital Resources — Capital Ratio.” CYB as an Authorized Institution, CYB is required by relevant rules and regulations to disclose its quarterly regulatory ratio. As of March 31, 2023, its CET1 capital ratio was 13.09%.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

## SUMMARY

- (3) Calculated by dividing tier-one capital, net of tier-one capital deductions, by risk-weighted assets. For details, please see “Supervision and Regulation — Hong Kong — Capital Adequacy” and “— Capital Resources — Capital Ratio.” CYB as an Authorized Institution, CYB is required by relevant rules and regulations to disclose its quarterly regulatory ratio. As of March 31, 2023, its Tier-one capital ratio was 14.18%.
- (4) Calculated by dividing total capital, net of capital deductions, by risk-weighted assets. For details, please see “Supervision and Regulation — Hong Kong — Capital Adequacy” and “— Capital Resources — Capital Ratio.” CYB as an Authorized Institution, CYB is required by relevant rules and regulations to disclose its quarterly regulatory ratio. As of March 31, 2023, its total capital adequacy ratio was 16.13%.
- (5) Calculated by dividing Tier 1 capital by exposure measures as defined under the Banking (Capital) Rules. CYB as an Authorized Institution, CYB is required by relevant rules and regulations to disclose its quarterly regulatory ratio. As of March 31, 2023, its leverage ratio was 8.31%.
- (6) Calculated by dividing the total weighted amount of high quality liquid assets by the total weighted amount of total net cash outflows over 30 calendar days. High quality liquid assets refers to assets of a category 1 institution that can be easily and immediately monetizable at all times within the leverage coverage ratio period with little or no loss of value, as defined in the Banking (liquidity) Rules and the Regulatory Framework for Supervision of Liquidity Risk promulgated by the HKMA. CYB as an Authorized Institution, CYB is required by relevant rules and regulations to disclose its quarterly regulatory ratio. As of March 31, 2023, its liquidity coverage ratio was 205.47%.
- (7) Calculated by dividing the amount of available stable funding by the amount of the required stable funding. Available stable funding is calculated as the total weighted amount of a category 1 institution’s on-balance sheet liabilities (including capital) that represent the sources of stable funding for the institution. Required stable funding is calculated as the total weighted amount of a category 1 institution’s on-balance sheet assets, off-balance sheet obligations and total derivative liabilities (before adjustment) that need to be financed with stable funding to different extents. CYB as an Authorized Institution, CYB is required by relevant rules and regulations to disclose its quarterly regulatory ratio. As of March 31, 2023, its net stable funding ratio was 123.53%.

The following table sets forth certain of our LIB’s regulatory indicators as of the dates indicated, calculated in accordance with the requirements of the Macau banking regulatory authorities and applicable accounting standards:

LIB:	Regulatory requirement <sup>(1)</sup>	As of December 31,		
		2020	2021	2022
<b>Capital adequacy indicator</b>				
Total capital ratio <sup>(2)</sup> . . . . .	≥8.0%	13.61%	13.62%	14.67%
<b>Other indicator</b>				
Solvency ratio <sup>(3)</sup> . . . . .	≥30.0%	41.15%	33.45%	39.34%

*Notes:*

- (1) These are the regulatory indicators, thresholds, and requirements prescribed by the relevant banking rules and regulations in Macau.
- (2) Calculated by dividing total capital, net of capital deductions, by risk-weighted assets. For details, please see “Supervision and Regulation — Macau” and “— Capital Resources — Capital Ratio.”
- (3) Calculated by as the value of liquid assets divided by the total value of the basic liabilities as at end of each month.

## APPLICATION FOR THE [REDACTED]

The application for the [REDACTED] will commence on [REDACTED] through [REDACTED]. The [REDACTED] (including the brokerages, SFC transaction levy and Hong Kong Stock Exchange trading fees and AFRC transaction levy) will be held by the [REDACTED] on behalf of the Group and the [REDACTED], if any, will be returned to the [REDACTED] without interest on [REDACTED]. [REDACTED] should be aware that [REDACTED] the Shares on the Hong Kong Stock Exchange is expected to commence on [REDACTED].

## SUMMARY

### [REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that (i) the [REDACTED] is completed and [REDACTED] Shares are newly [REDACTED] in the [REDACTED], (ii) the [REDACTED] for the [REDACTED] is not exercised, and (iii) [REDACTED] Shares are issued and outstanding following the completion of the [REDACTED]:

	Based on an [REDACTED] of HK\$[REDACTED]	Based on an [REDACTED] of HK\$[REDACTED]
Market Capitalization . . . . .	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted net tangible assets per Share <sup>(1)</sup> . . . . .	HK\$[REDACTED]	HK\$[REDACTED]

*Note:*

- (1) The amount of unaudited [REDACTED] adjusted net tangible assets per share is calculated in accordance with paragraph 4.29 of the Listing Rules after the adjustments referred to in “Appendix III — Unaudited [REDACTED] Financial Information”.

### DIVIDENDS

Whether to pay dividends, the amount of dividends to be paid, or the dividend payout ratio, is based on our results of operations, cash flows, financial condition, capital adequacy ratios, future business prospects, statutory and regulatory restrictions on the payment of dividends by us, and other factors that our Board of Directors considers relevant. During the Track Record Period, no dividend has been paid or declared by our Company. We currently do not have a pre-determined dividend payout ratio. Pursuant to our Articles of Association, the Company may declare dividends at a general meeting, but no dividends shall exceed the amount recommended by the Board. No dividend shall be otherwise payable except out of the profits of the Company in accordance with Part VI of the Companies Ordinance.

Except as otherwise provided by the Articles of Association or by the rights attached to any shares or by the terms of [REDACTED] of a share, all dividends shall be declared and paid according to the amount paid up on the shares during the period in respect of which the dividend is paid and, in the case of shares not fully paid up during such period, in proportion to the amount paid up on the shares during that period or periods. No amount paid on a share in advance of calls shall be treated as paid on the share.

### INFORMATION ON OUR CONTROLLING SHAREHOLDER

As of the Latest Practicable Date, our Company was a wholly-owned subsidiary of XIB. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), XIB will hold approximately [REDACTED]% of the enlarged total issued share capital of our Company and our Company will remain as a subsidiary of XIB. XIB is and will remain as the Controlling Shareholder of our Company under the Listing Rules. As of the Latest Practicable Date, there was no single shareholder or any group of shareholders of XIB who were entitled to exercise the majority of its voting rights, or control the composition of a majority of the board of directors of XIB.

## SUMMARY

Founded in 1985, XIB is the first sino-foreign joint venture bank in Mainland China with its headquarters located in Xiamen City, Fujian Province, the PRC. In 2013, XIB was converted into a Mainland China city commercial bank. XIB is a well-established, prominent and reputable city commercial bank in Mainland China. Its scope of business primarily comprises corporate banking, retail banking, financial market, investment banking and wealth management.

### FUTURE PLANS AND USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED], being the mid-point of the proposed [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED], we estimate that the [REDACTED] of the [REDACTED] accruing to us (after deduction of [REDACTED] and estimated expenses payable by us in relation to the [REDACTED]) to be approximately HK\$[REDACTED] million, if the [REDACTED] is not exercised; or to be approximately HK\$[REDACTED] million, if the [REDACTED] is exercised in full. We intend to use the [REDACTED] from the [REDACTED] (after deducting of [REDACTED] and estimated expenses related to the [REDACTED]) to strengthen the capital base of onshore and offshore subsidiaries, to support our pursuit of sustainable high-quality collaborative development. For more details on our plans for using the [REDACTED] of the [REDACTED], see “Future Plans and Use of [REDACTED].”

### RECENT DEVELOPMENTS

Our business has continued to experience growth since December 31, 2022. On June 28, 2023, our LIB had exercised its redemption rights to redeem all the subordinated bonds issued by LIB in December 2017 with face value of USD250.0 million and all the subordinated bonds issued by LIB in March 2018 with face value of USD93.2 million. For details of these subordinated bonds, please see “Financial Information — Capital Resources — Debt — Debt Securities Issued.” In addition, our LIB will, on June 30, 2023, issue a 10-year subordinated bonds, with face value of USD350.0 million. These bonds carry a fixed interest rate of 7.2% per annum until June 30, 2028 (the “**First Call Date**”). If the bonds are not redeemed on the First Call Date, the interest rate will be readjusted to the aggregate of the five-year U.S. Treasury Rate plus a spread of 3.162% per annum. The subordinated bonds will be listed on the Hong Kong Stock Exchange and Chongwa (Macao) Financial Asset Exchange Co., Ltd.

To the best of our Directors’ knowledge after making reasonable enquiries, our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in our financial, operational, or trading position or prospects since December 31, 2022, which is the end date of the periods reported on in the Accountants’ Report included in Appendix I to this document, and there is no event since December 31, 2022 that would materially affect the information as set out in the Accountants’ Report included in Appendix I to this document.

### COMPETITIVE LANDSCAPE

Our Group and our Banks operate in a highly competitive market, primarily competing with commercial banks operating in the Greater Bay Area. The competition among these banks is fierce, with various factors influencing their ability to attract and retain customers. The commercial banks in the Greater Bay Area have always been at the forefront of the domestic banking sector of the PRC. According to F&S, as of December 31, 2022, in addition to six state-owned large commercial banks and 12 joint-stock banks with branches in the Greater Bay Area, there were three regional joint-stock banks, three city commercial banks, 63 rural commercial banks, six foreign-funded corporate banks and one privately-owned bank setting up their headquarters in the Greater Bay Area. As of December 31, 2022, the number of Authorized Institutions in Hong Kong and banks in



## SUMMARY

Macau was 182 and 34 (including the Macao Postal Savings), respectively. There are 10 international banks with branches and sub-branches in the Greater Bay Area, which constitute the main banking system in the region. In addition, we face intense competition across various aspects, including product offerings, pricing, service quality, brand recognition, distribution networks, and information technology capabilities. For details of our competitive landscape, please see “Industry Overview — Economic Overview of the Greater Bay Area — Competitive Landscape of the Banking Industry in the Greater Bay Area”.

## RISK FACTORS

There are risks associated with any [REDACTED] and there are certain risks and considerations relating to an [REDACTED] in our Shares. The major risks relating to an [REDACTED] in the Shares include: (i) if we are unable to effectively maintain the quality and growth of our assets and overall business, our financial conditions and results of operations may be materially and adversely affected, (ii) our loss allowances on loans to customers may be insufficient to cover the actual losses on our loan portfolio in future, (iii) we are subject to concentration risks in our credit exposures to certain industries, geographical regions and single borrower, (iv) we are exposed to risks relating to the value or realization of the collateral, pledges or guarantees securing our loans to customers, (v) if we fail to maintain the growth rate of our deposits from customers or our deposits from customers decrease substantially, we may need to seek alternative funding to meet liquidity requirements, failure of which could materially and adversely affect our business, financial conditions and results of operations, (vi) we invest in securities, and adverse development in relation to the underlying assets of our investments, or that associated with market interest rate, market liquidity, market sentiments and other economic conditions may adversely affect our profitability and liquidity, (vii) we are exposed to the risks arising from our offering of SME financing solutions, and in the case when said borrowers default on their repayments, our business, financial condition and results of operations could be materially and adversely affected, and (viii) our loss allowances on certain financial assets may not be sufficient to fully cover the actual losses on such assets we may incur in the future.

These risks are not the only significant risks that may affect the value of our Shares. You should carefully consider all of the information set forth in this document and evaluate the specific risks set forth in “Risk Factors” in this document before you decide to [REDACTED] in our Shares.

## [REDACTED] EXPENSES

The [REDACTED] expenses to be borne by us are estimated to be approximately HK\$[REDACTED], representing approximately [REDACTED]% of the [REDACTED] raised from the [REDACTED] (assuming the [REDACTED] is not exercised and the mid-point of the indicative [REDACTED] range of HK\$[REDACTED]). None of the [REDACTED] expenses were reflected in our consolidated statements of profit or loss and other comprehensive income during the Track Record Period. After December 31, 2022, approximately HK\$[REDACTED] is expected to be charged to our consolidated statements of profit or loss and other comprehensive income, and approximately HK\$[REDACTED] is expected to be accounted for as a deduction from equity upon the [REDACTED]. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. Our Directors do not expect such [REDACTED] expenses to have a material adverse impact on our results of operations for the year ending December 31, 2023.