MARKET EXPRESS

2025 Quarter 01

2025

Economic and Markets Outlook

中信银行(国际)
CHINA CITIC BANK INTERNATIONAL

China CITIC Bank International brings you market updates and commentaries from renowned financial gurus across the globe, keeping you abreast of the latest market developments while helping you to make smart, informed investment decisions.

Macroeconomic Outlook – 2025

In 2024, the trajectories of major economies notably diverged. Fueled by massive public spending and ballooning debt, the U.S. economy continued to expand. Meanwhile, Europe was under considerable pressure, with Germany, the region's largest economy, mired in stagnation or outright contraction. China's growth should approach the official target of around 5%, but the real estate sector has yet to recover and consumer confidence needed improving. In 2025, global market's attention will likely be fixated on the impact of Trump 2.0's tariff policy on international trade and monetary policy.

US – Trump 2.0 unlikely to rekindle inflationary risks

Domestically, tax cuts and deregulation are Trump's main tools to boost growth. The goal is to encourage investment by lowering corporate taxes and deregulation, as well as improve households' disposable income by reducing income taxes.

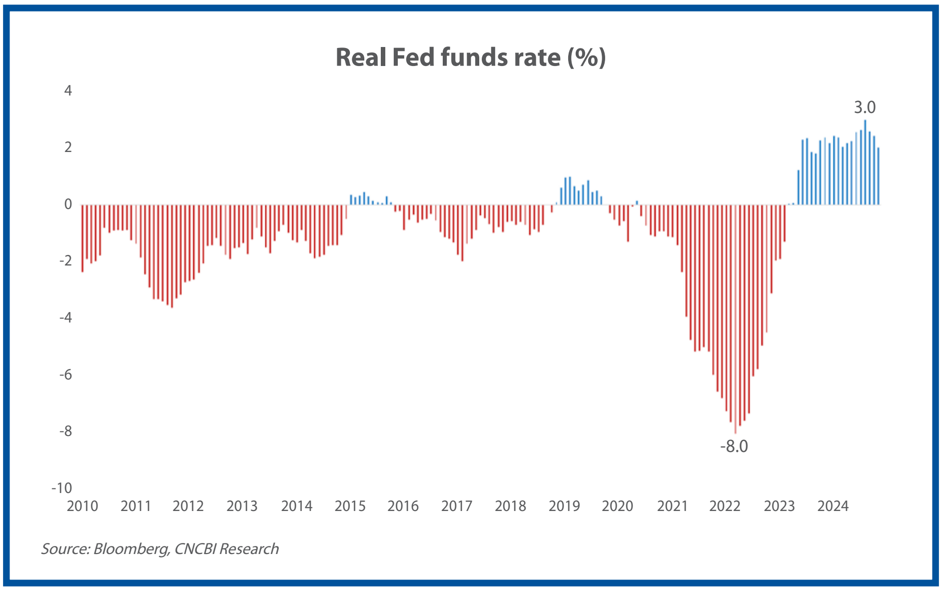
In his first term as President, Trump signed into law the Tax Cuts and Jobs Act (TCJA), the largest tax reform bill in 30 years. This legislation took effect in 2018, but most measures were scheduled to expire by the end of 2025. TCJA reduced the marginal rates and adjusted the widths of tax brackets, while corporate taxes were permanently lowered from 35% to 21%. During the campaign, Trump proposed extending TCJA, perpetuating the reductions of estate taxes and income taxes, and further lowering corporate taxes to 15%. As for deregulation, Trump promised to cut 10 existing rules for every new rule, in order to improve business environment by shrinking bureaucracy and getting rid of red tape.

In theory, should corporate and personal income tax cuts as well as deregulation succeed in boosting economic activities, reductions of tax rates may not necessarily lead to lower tax receipt. Nonetheless, given the current precarious situation of public finances, which resulted in a rare surge in treasury yields even as the Fed reduced interest rates, bold tax cuts could quickly turn into a reckless endeavor. In order to hedge against fiscal risks, Trump 2.0 could rely on both tariff income and spending cuts. Musk, who was pivotal in Trump's victorious campaign, believed that by improving efficiency and cutting waste, government spending can be reduced by as much as 2 trillion dollars, even greater than the deficit of fiscal 2024. Spending cuts of such scale would balance the budget or even turn it into a surplus. While the chances of total success are arguably slim, a long overdue focus on fiscal discipline will help facilitate and enact tax cuts.

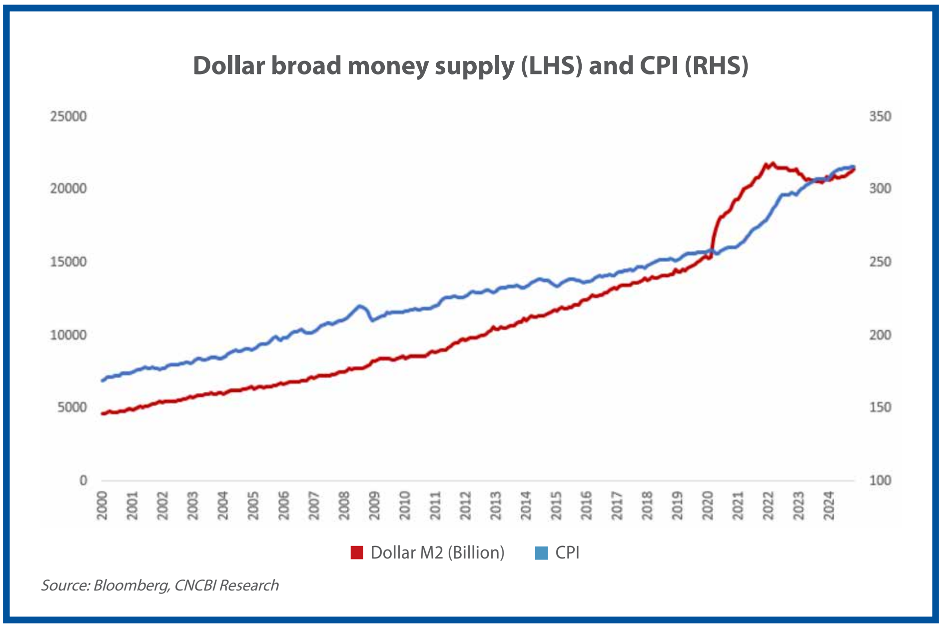
As Trump 2.0's economics and trade philosophy takes shape, tax cuts, deregulation, government spending cuts, and tariffs have emerged as four main pillars. The first two pillars aim to encourage production and investment and improve household income, whereas the last two pillars attempt to reduce fiscal burden by raising revenue and cutting spending. While the potential impact of tariffs is rightfully a particular concern, tariff threats should be deemed bargaining chips and will not fully materialize.

Granted, inflation risks as a result of potential new tariffs have affected the Fed's decision-making and the bond market's dynamics. As the Fed projects only 50 basis points of rate cuts for 2025, treasury yields traveled in the opposite direction and rose significantly. That said, the current monetary environment is drastically different from that during the runaway inflation period between 2021 and 2022. The necessary conditions for re-accelerating inflation are distinctly lacking.

For one, real interest rates remain in positive territory and therefore fairly restrictive. Ever since the financial crisis, measured as the difference between the Fed funds rate and the consumer price index (CPI), negative real interest rates had become the norm most of the time. That changed in March 2023, which marked the beginning of an extended period of positive real Fed funds rate and heightened monetary restrictiveness.



For another, money supply growth has slowed. As long as the central bank avoids repeating the mistake of creating excess money supply and a deluge of liquidity, rising prices of goods targeted by extra tariffs will not lead to a surge in overall inflation. From February 2020 to March 2022, the broad money supply (M2) of dollars soared 43%, resulting in rapidly rising CPI. While the Fed is gradually lowering the Fed funds rate, it is still carrying out a quantitative tightening program by reducing the size of its balance sheet, mitigating the risks of a resurgence of M2 and inflation.



Well-behaved inflation will justify a quicker pace of rate cuts than the Fed's current forward guidance of 50 basis points for 2025. The Fed funds rate could be lowered by 1 percentage point in 2025, and the rate-cutting cycle will be extended into 2026 and probably beyond.

Europe – ECB firmly in easing mode to cope with a weak Euro-zone economy

The Euro-zone economy remained feeble in 2024, eking out growth of about 0.7%. Germany, the largest economy in Europe, probably contracted by 0.2%, solidifying its status as the weakest link in the region. In the meantime, France, the second largest economy, continues to be plagued by dire fiscal conditions and political upheaval. Face with the myriad of challenges, the ECB will have to keep easing monetary policy and lowering interest rates.

In the U.K., the labor party's budget has discouraged corporate investment and hiring and worsened business environment. GDP growth for 2024 was likely below 1%. The BOE, wary of a flare-up of inflation risks, has been rather cautious when it comes to cutting rates. Nevertheless, as long as inflation does not stray too far from the 2% target, the BOE may need to lower rates by 25 basis points in each quarter of 2025 to counter growth headwinds.

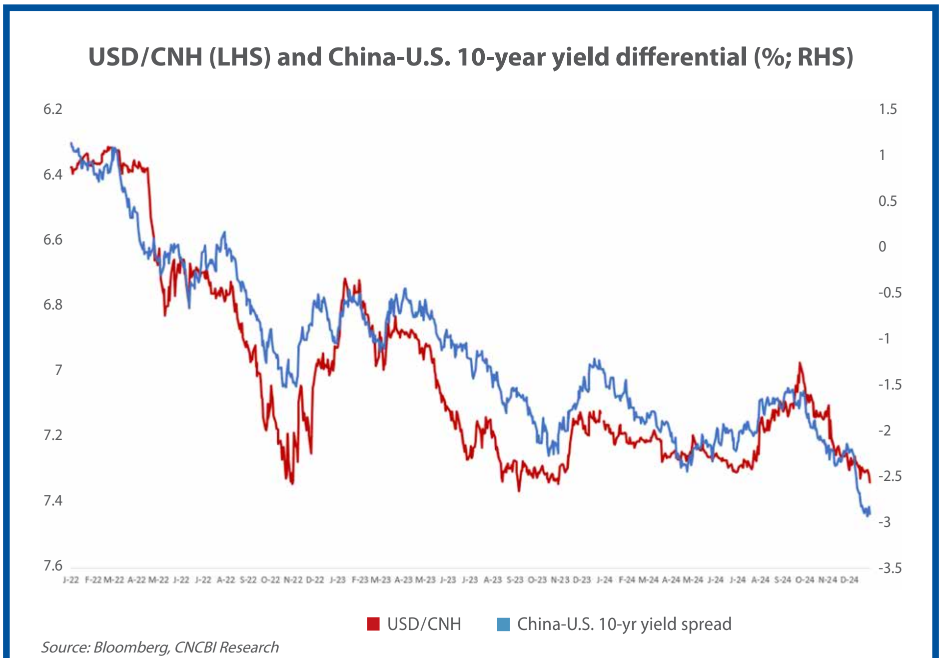
Mainland China – Sino-U.S. trade relations a key determinant of growth

Even though Trump has threatened substantial tariffs against China, for the following three reasons, tariffs are likely bargaining chips instead of an end in itself. First, during Trump 1.0, in spite of escalating trade frictions, China and the U.S. eventually did manage to agree on a "phase one" trade deal. Although the outbreak of the pandemic rendered meeting the main goals of the deal virtually impossible, both partied gained experience of making compromises and building consensus. Second, while tariffs are a pillar of Trump 2.0's economics and trade philosophy, they are not necessarily essential and could be replaced by other measures that benefit the U.S. In fact, at campaign rallies, Trump explicitly suggested Chinese automakers invest and create jobs in the U.S. to boost economic growth, so that they could avoid tariffs. This stance was completely opposite to the Biden administration's seeming hostility to Chinese investments in the U.S. in any shape or form. Third, judging from Trump's tariff threats against Canada, Mexico, the EU, and the BRICS, tariffs are the go-to solution to issues ranging from trade, border, immigration, drugs, energy, and de-dollarization, but they are certainly not the ultimate goal.

In 2024, Mainland China's merchandize trade surplus approached 1 trillion dollars for the first time ever and was a main driver of economic growth. China's exports competitiveness have been consistently improving thanks to comprehensive and resilient supply chains. Resolving trade frictions through dialogues and bilateral negotiations should be a mutually beneficial scenario preferred by both China and the U.S. Potential negative impact of Trump 2.0 on Chinese exports can be mitigated.

In 2024, the RMB's exchange rate against the dollar was under considerable pressure. While there are a number of factors driving exchange rates, yield differential remains a decisive determinant. The RMB's exchange rate largely depends on China-U.S. yield differentials. The 10-year yields of Chinese and U.S. sovereign bonds represent so-called risk-free returns on RMB and dollar assets, respectively. Thus, the difference between the two yields measures the relative appeal of the two currencies. In addition to measuring returns on a pair of currencies, the yield differential is also a price signal taking into considerations a number of factors including monetary policy, business cycles, and price trends, making it significantly correlated with exchange rates. There is a significantly positive correlation between the RMB's exchange rate against the dollar and the China-U.S. yield differential. A greater U.S. yield differential supports a stronger dollar, and vice versa.

As the Fed has begun cutting rates, the divergence between Chinese and U.S. monetary policy is now gone, with both central banks on easing mode. However, in the U.S., due to rosier growth expectations, relatively stubborn inflation, soaring public debts, and reductions in the Fed's balance sheet, treasury yields have yet to follow the Fed funds rate lower. As treasury yields stay elevated, a wider China-U.S. yield spread pushed the RMB's exchange rate lower. This dynamic could change in 2025, since elevated U.S. treasury yields will have significantly more room to decline compared to Chinese yields that are already at multi-decade lows. Therefore, narrower yield spreads could eventually relieve downward pressure on the RMB.



Source: Bloomberg, CNCBI Research

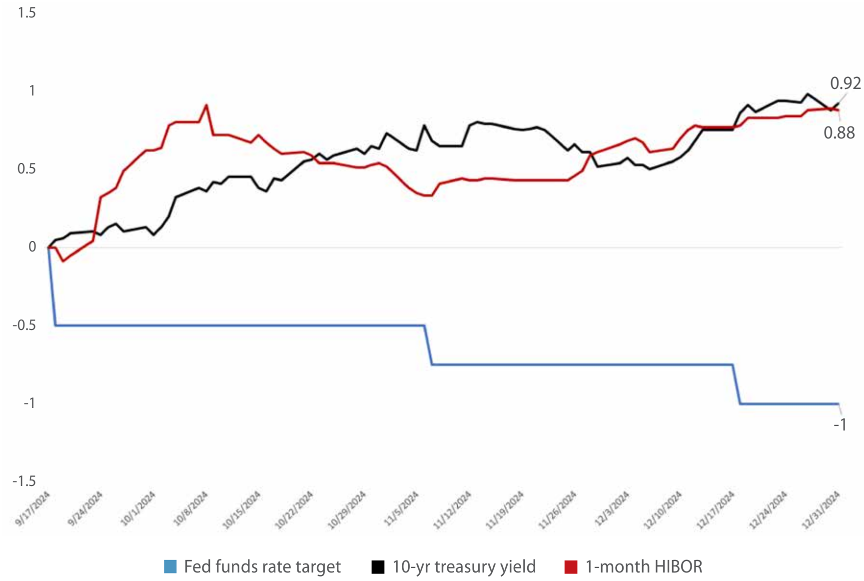
Note: LHS in inverse order. RMB strengthens when the red line goes up, and vice versa.

Hong Kong – Interest rates to decline gradually; housing market stabilization on track

Hong Kong's economy grew moderately in 2024, with real GDP rising about 2.5%. The rebound in exports was a key growth driver, while the labor market remained robust, with unemployment rate consistently near cyclical low of 3%. Changing consumption patterns of tourists and local residents, coupled with a strong HK dollar, continued to pressure retail sales and private consumption. In 2025, the Fed's rate cuts theoretically should boost financial markets activities and asset prices. However, treasury yields have moved in the opposite direction, and both U.S. dollar and HK dollar interest rates remain at highly restrictive levels. In Hong Kong, the prospective positive impacts of lower U.S. policy rates on economic activities, banks' asset quality, and the housing market have been rather limited so far. In 2025, thanks to a healthy labor market and rising household income, private consumption will likely return to growth. Meanwhile, tariff uncertainties and a less favorable base for comparison will lead to slower growth of exports. The rate of GDP expansion may remain at about 2.5% in 2025.

As for interest rates, HIBOR has been rather volatile in spite of the Fed's rate-cutting cycle and lower HK dollar prime rates. If history is any guide, HK dollar prime rates will need to go down by another 25 basis points until they reach the floor. By contrast, elevated interbank rates will have more room for downward adjustment. In addition to the local monetary environment, HK dollar interbank rates will also hinge on U.S. treasury yields. While housing prices have begun to stabilize, the recovery will be restrained by still elevated interest rates. Private residential prices may rise by less than 5% in 2025.

Cumulative changes in Fed funds rate, 10-yr treasury yield, and 1-month HIBOR (%; from the advent of the Fed's rate-cutting cycle to the end of 2024)



Source: Bloomberg, CNCBI Research

Asset class outlook

Foreign exchanges	Outlook
US Dollar	+
The Euro	–
Bristish Pound	O
Canadian Dollar	–
Japanese Yen	O
Renminbi	O
Australia Dollar	+
New Zealand Dollar	O

Bonds	Outlook
US Treasuries	O
European Sovereign	+
Chinese Sovereign	O
US IG	+
European IG	+
Asia IG	+
US HY	+
European HY	O
Asia HY	O

Equities	Outlook
United States	+
Europe	O
Japan	O
Asia (ex-Japan)	+
China A-share	O
Hong Kong	O

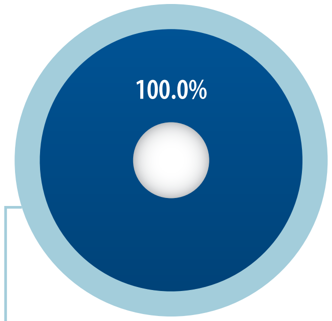
Note: Outlook "+" Positive, "-" Negative; "O" Neutral

360 Portfolios

中信银行(国际) CHINA CITIC BANK INTERNATIONAL

5 Asset Allocation Portfolios As Your References

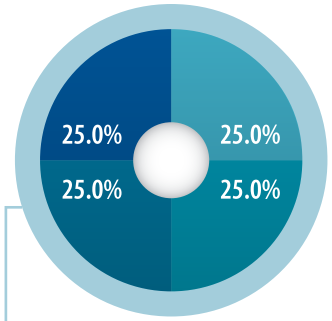
Conservative



Multi Asset & Bond : 100.0%

Sub Cat	
Money Mkt Equ.	100.0%

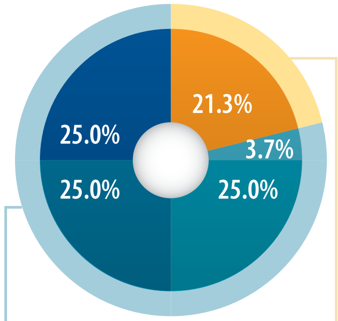
Moderate



Multi Asset & Bond : 100.0%

Sub Cat	
Money Mkt Equ.	25.0%
Global HYB	25.0%
Asia Bonds	25.0%
Global Bonds	25.0%

Balanced

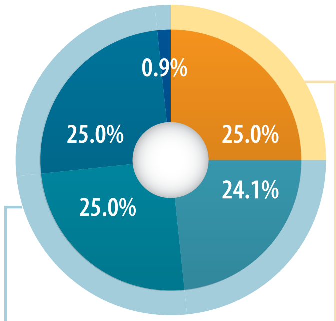


Multi Asset & Bond : 78.7%

DM Equities : 21.3%

Sub Cat	
Money Mkt Equ.	25.0%
Global HYB	25.0%
Asia Bonds	25.0%
Global Bonds	3.7%
DM Equities	21.3%

Growth

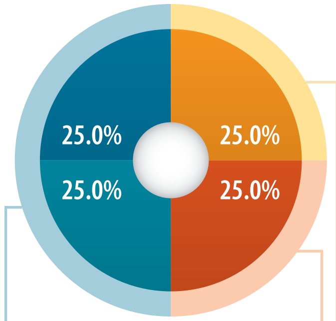


Multi Asset & Bond : 75.0%

DM Equities : 25.0%

Sub Cat	
Money Mkt Equ.	0.9%
Global HYB	25.0%
Asia Bonds	25.0%
Global Bonds	24.1%
DM Equities	25.0%

Aggressive



Multi Asset & Bond : 50.0%

EM or Asia Equities : 25.0%

DM Equities : 25.0%

Sub Cat	
Global HYB	25.0%
Asia Bonds	25.0%
DM Equities	25.0%
Asia Pac. Equities	25.0%

Annualized Expected Return, Annualized Expected Volatility

	Conservative	Moderate	Balanced	Growth	Aggressive
Return	1.72%	4.30%	5.20%	5.80%	6.20%
Volatility	0.60%	5.70%	7.30%	9.10%	11.40%

Expected Cumulative Returns in Different Tenors

	Conservative	Moderate	Balanced	Growth	Aggressive
1 Year	1.73%	4.43%	5.16%	5.73%	6.35%
3 Years	5.25%	13.38%	15.93%	17.30%	18.35%
10 Years	18.58%	50.48%	63.00%	69.81%	73.32%

Important Notices and Disclaimers

Notes

1. The benchmarks of each subsidiary category asset class are: (a) DM Equities: MSCI World Total Return Index; (b) Asia Pacific Equities: MSCI AC Asia Pacific Net Total Return USD Index; (c) Emerging Market Ex. Asia Equities: MSCI Emerging Markets Excluding Asia Index; (d) Global Bond: Bloomberg Barclays Global-Aggregate Total Return Index Value Unhedged USD; (e) Asia Bond: J.P. Morgan Asia Credit Index Core; (f) Global High Yield Bond: Bloomberg Barclays Global High Yield Total Return Index Value Unhedged; and(g) Money Market Equivalent: S&P U.S. Treasury Bill 3-6 Month Total Return Index. Data is sourced from Bloomberg.
2. There are short terms applied in the material such as DM= Developed market, EM= Emerging market, Asia Pac.= Asia Pacific, Cat.= Category, Exp.= Expected, Ref.=Reference, Sub.= Subsidiary, Equ.=Equivalent , p.a. = per annual. Please contact your relationship manager if clarification required.

Disclaimers

1. This document is issued by China CITIC Bank International Limited ("the Bank") and used for reference only. This is not a research material and it has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.
2. This document is for general evaluation only. It does not itself constitute any offer, invitation, or advice to any person to purchase or sell or acquire or invest in any investment products. Investing can be complex due to changing market conditions. Investors may have their own personal circumstances, specific needs and investment objectives, and they may also hold assets elsewhere. These factors, which can change from time to time, have not been factored in. You are not advised to execute any trades simply relying on this document. Notwithstanding any discussion with your Relationship Manager, before deciding to proceed with any investment transaction, you should make an independent assessment about the risks, merits and appropriateness of each investment transaction, and seek independent professional advice.
3. The products involved might not be principal protected and you may lose all or part of your original investment amount. There are possible disadvantages from subscribing, selling or switching and the Bank makes no warranty on your decision to buy, sell or switch at any material time. The Bank is not responsible for any loss, damage or other consequences of any kind that any person may incur or suffer as a result of, arising from or relating to his/her use of reliance of the information herein.
4. Information contained in this document is current only as at its date and may no longer be true or complete when read by an investor. Opinions are subject to change without notice to you. This document does not purport to show you a comprehensive list of risks of investing in the investment products.
5. The Bank gives no guarantee, representation or warranty as to the accuracy, timeliness or completeness of the contents of this material.
6. No part of this document may be reproduced or transmitted in any form or by any means without the prior written permission of the Bank.
7. In the event of discrepancy between the English and Chinese versions, the English version shall prevail.

360 Reference Portfolios and its limitations

1. The 360 Reference Portfolios are backed by the Bank's algorithms, quantitative methods, and finance model and also by applying Modern Portfolio Theory ("MPT") to generate reference portfolios to facilitate customers to have better understanding on his or her current portfolio holdings, and provide asset allocation ideas with reference portfolios based on the customers' preferred risk profile. The MPT is a practical and mathematical method for selecting investments to build a portfolio in order to maximize their overall returns within an acceptable level of risk. American economist Harry Markowitz pioneered this theory in his paper "Portfolio Selection," which was published in the Journal of Finance in 1952. He was later awarded a Nobel Prize for his work on modern portfolio theory.
2. The 360 Reference Portfolios are only applicable for customers who have a valid Investor Risk Analysis record with the Bank. There are five Reference Portfolios according to investors' Risk Tolerance Levels ("RTL"), namely Conservation (RTL1), Moderate (RTL 2), Balanced (RTL 3), Growth (RTL 4) and Aggressive (RTL 5), which are for reference only and subject to change from time to time without prior notice. A Conservation Reference Portfolio (RTL 1) is a portfolio which volatility is low. The likelihood that the investment value may fall below the original investment amount is remote. A Moderate Reference Portfolio (RTL 2) is a portfolio which volatility is low-to-medium. The likelihood that the portfolio value may fall below the original investment amount is low. A Balanced Reference Portfolio (RTL 3) is a portfolio which volatility is medium. The likelihood that the portfolio value may fall in a great extent below the original investment amount is medium. A Growth Reference Portfolio (RTL 4) is a portfolio which volatility is medium-to-high. The likelihood that the portfolio value may fall substantially below the original investment amount is high. An Aggressive Reference Portfolio (RTL 5) is a portfolio which volatility is high. It is very likely that the portfolio value may fall substantially below the original investment amount.
3. The algorithm, quantitative method and finance model may include performance data and statistics that are derived based on historical data and methodologies formulated on various assumptions. Asset allocation of Reference Portfolios are based on representative benchmark data e.g. major indices commonly used and adopted by the financial market. Extreme events such as drastic market declines are not explicitly modelled.
4. The 360 Reference Portfolio is designed to assist investors in understanding and evaluating their portfolio, particularly in terms of asset class allocation. However, the 360 Reference Portfolio does not consider factors such as investment concentration and external market circumstances. Investors are strongly advised to carefully review the risk disclosure statement provided below.

5. The Annualized Expected Return, Annualized Expected Volatility and Expected Cumulative Returns for 1 year, 3 years and 10 years are forecasts and calculated based on historical data of each asset class benchmark during a specified data period and the model, which are for reference only. Investment product performance can deviate significantly from benchmarks and past performance is not an indicator of future returns. Any forecast contained herein constitutes an opinion only and is not indicative of actual future returns, events or occurrences. Further, where performance information is presented this does not take into account the effect of fees, commissions or other charges.

Risk Disclosure Statement

1. Investment involves risks. The prices of investment products fluctuate, sometimes dramatically and the worst case may result in loss of your entire investment amount. Past performance is no guide to its future performance. Investors should consider their own investment objectives, investment experience, financial situation and risk tolerance level before making any investment decision. Investors should carefully read the relevant offering documents, in particular the investment policies and the risk factors and latest financial results information and are advised to seek independent professional advice before making any investment decision.
2. China CITIC Bank International Limited is an authorized institution under the Banking Ordinance and is regulated by the Hong Kong Monetary Authority. The contents of this material have not been reviewed by the Securities and Futures Commission in Hong Kong.

Fabulous Wealth Management Offers#

1. Investment Rewards Offer – up to HK$48,000 Cash Rewards

Eligible Customers[1] who subscribe or purchase Eligible Investment Products including: Investment Funds (excluding Money Market Fund), Bonds (excluding Retail Bond IPO), Equity-Linked Investments, Structured Notes, Currency-Linked Deposit (only including Currency-Linked Deposit which subscribed via inMotion) and Structured Deposit (Excluding Structured Deposit with a deposit period of less than six months) and reach accumulated transaction amounts, can enjoy up to HK$48,000 cash rewards.

1) Only applicable to CITICfirst, CITICdiamond, Private Banking customers.

2. Securities Trading Offer – Get "Lifetime Stock Purchases Fee Waiver" through inMotion "Rewards Go!"[2]

From 1 January to 30 June 2025, customers can register "Lifetime Stock Purchases Fee Waiver" mission through inMotion "Rewards Go!" to enjoy Stock Purchases Fee Waiver on registration month! Starting from the registration month, if customers maintain no less than HKD100,000 in Eligible HKD Accounts^ (excluding time deposits) at the end of each month, the Stock Purchases Fee Waiver for monthly can be extended continuously!

In addition, all customers with registered "Lifetime Stock Purchases Fee Waiver" mission can also enjoy fabulous offers on a series of securities services:

- Enjoy purchase fee waiver via designated channels on designated trading days on the 1st, 11th, 21st & 31st of each month*
- Up to HKD10,000 cash reward for stocks transfer-in or deposit

2) This offer must meet specified conditions, including registering for "Lifetime Stock Purchases Fee Waiver" mission through inMotion "Reward Go!" and maintaining no less than HKD 100,000 in eligible HKD accounts (except time deposits) at the end of each month after registration for continuing the securities purchases fee waiver. Securities purchases transaction must be conducted through inMotion or inVest. Investment involves risks, and offers are subject to terms and conditions. Please visit the website for details and the relevant risk disclosure statement.

^ Counting the sum of HKD amount in the Eligible HKD Accounts, i.e. the existing personal HKD Current/Savings/One Account Deposit accounts except time deposits.

** Please refer to relevant terms and conditions on the definition of designated trading days and channels to be eligible for this offer.*

3. Investment Funds Offers – Up to HK$5,000 Subscription Fee Rebate[3]

Selected customer can enjoy up to HK$5,000 subscription fee rebate for first Investment Funds subscription (excluding Money Market Fund) via inMotion and Internet Banking during promotion period.

3) Only applicable to customers who have not subscribed any Investment Funds during 1 January 2024 to 31 December 2024. The offer cannot be used in conjunction with Investment Rewards Offers.

4. Investment Funds Offers – Up to HK$99,000 Transfer in Cash Rewards

Enjoy HK$300 Cash Rewards for every cumulative fund transfer-in of HK$100,000 during promotion period.

5. Robo 360 Offer

From now until 31 December 2025, enjoy $0 Advisory Service Fee for customers who maintain Robo 360 Account.

6. Foreign Exchange Offer – inMotion Exclusive up to 2% FX Cash Rebate

Customers who have completed designated FX transaction via inMotion of the bank during promotion period, will be entitled to up to 2% cash rebate.

Designated FX Transaction	Maximum Cash Rebate
CNY	CN¥ 200
EUR	€25
GBP	£20
JPY	JP¥ 4,000

Unless otherwise indicated, promotion period: 1 January 2025 to 31 March 2025. Terms and conditions apply. Please visit branches for details or browse the following website for the promotional materials and terms and conditions:
Details for "Investment Rewards Offer – up to HK$48,000 cash rewards" https://www.www.cncbinternational.com/personal/promotions/integrated-investment/en/index.html#aum
Details for "Securities Trading Offer" https://www.cncbinternational.com/personal/promotions/securities_trading/en/index.html
Details for "Investment Funds Offers" https://www.cncbinternational.com/personal/promotions/integrated-investment/en/index.html#investmentfunds
Details for "Robo 360 offer" https://www.cncbinternational.com/_document/investment_service/robo360_tnc.pdf
Details for "Foreign Exchange Offer" https://www.cncbinternational.com/personal/promotions/integrated-investment/en/index.html#fx

Important Notes

Some of the investment products are structured products involving derivatives. The investment decision is yours but you should not invest in the product unless the intermediary who sells it to you has explained to you that the product is suitable for you having regard to your financial situation, investment experience and investment objectives. You should not invest in this product based on this promotional material alone.

Risk Disclosure Statements for Securities Trading

(1) Investment involves risks. (2) The price of securities fluctuates, sometimes dramatically. The price of securities may move down or up and may become valueless. It is as likely that losses will be incurred rather than profits made as a result of buying or selling securities. (3) Investors should seek advice from own professional advisors as to particular tax position, including but not limited to estate duty and withholding tax that might arise from investing in overseas products. (4) If investors investing in investment products denominated in non-local currency, one should be aware of the risk of exchange rate fluctuations that may cause a loss of principal. (5) Before making any investment decision, investors should refer to the terms and conditions of relevant Securities Trading Services and risk disclosure statements and seek professional advice where needed. (6) Renminbi (RMB) is subject to exchange rate risk. The Hong Kong dollar value of investment will decrease if the RMB depreciates against Hong Kong dollar. Conversion between RMB and other currencies (including Hong Kong dollar) is subject to policy restrictions relating to Renminbi and consequently the relevant regulatory requirements in Hong Kong. Such requirements may be amended subject to changes in the policy restrictions relating to RMB. RMB is not freely convertible at present. The actual conversion arrangement will depend on the restrictions prevailing at the relevant time.

Risk Disclosure Statements for Investment Funds

(1) Investment Funds are not equivalent to time deposits or its substitute and provide no guarantee of return or yield on investment. (2) Investors should note that investment involves risk and past performance is not indicative of future performance. The price of the Investment Funds may go down as well as up and may become valueless. It is as likely that losses will be incurred rather than profits made as a result of investing in Investment Funds. In the worst case scenario, the value of the Investment Funds may be substantially less than your investment amount. (3) Investors should consider their own investment objectives, financial resources and relevant circumstances, and read the relevant offering document, terms and conditions and risk disclosure statement before making any investment decision. (4) Investors should carefully read the relevant fund's offering documents (including the investment policy and risk factors stated therein) in details before making any investment decision. If needed, investors should seek independent professional advice.

Risk Disclosure Statements relating to the Robo 360 Advisory Services

(1) Using Robo 360 Advisory Services involve investment risks, market risks, partial execution risks, termination/suspension of Robo 360 Advisory Services, regulatory risks, investment strategy risks, diversification risks, performance risks and limitation of historical data. (2) Whilst the Bank may provide Rebalancing Alerts as it may determine appropriate after its review or upon occurrence of specific events, the Bank will not execute any Rebalancing Instruction automatically. If the investor does not provide Rebalancing Instructions to the Bank or there is any delay in providing such Rebalancing Instructions, the Selected Portfolio may become no longer suitable for the investor and the investor shall bear such consequences. (3) Portfolios construction and rebalancing are generated by a model-driven process according to the portfolio construction and methodologies set out by the Bank. The model is algorithm- and rule-based instead of attempting to recommend positon taking with respect to the direction of markets. Please refer to Robo 360 Advisory Service Supplemental Terms and Conditions for more details about important information and risk disclosures.

Risk Disclosure Statements for Bonds

(1) Investment involves risk. The prices of bonds can fluctuate, sometimes dramatically. The price of bonds may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling bonds. (2) Investing in this product is not equivalent to time deposit. This product is not a protected deposit and is not protected by the Deposit Protection Scheme in Hong Kong. (3) Default/ Credit risk - There is a risk that the issuer may fail to pay you the interest or principal as scheduled. In the worst case scenario, you may not be able to receive back the interest and principal if the issuer defaults on the bond. (4) Interest rate risk - When the interest rate rises, the price of a fixed rate bond will normally drop. (5) Exchange rate risk - If your bond is denominated in a foreign currency, you may face an exchange rate risk if you choose to convert payments made on bond to your home currency. (6) Liquidity risk - If you need to sell the bonds before maturity for an urgent cash-flow need or use the capital for other investments, you may not be able to do this since the liquidity of the secondary bond market could be low. If you choose to sell your bond before it matures, you may lose part or all of your investment. (7) Reinvestment risk - If you hold a callable bond, when the interest rate goes down, the issuer may redeem the bond before maturity. If this happens and you have to re-invest the proceeds, you may not be able to enjoy the same rates of return. (8) Equity risk - If your bond is "convertible" or "exchangeable", you also face equity risk associated with the stock. A fall in the stock price will usually follow by a fall in the bond price.

Risk Disclosure Statements for Equity-Linked Investments ("ELI")

(1) Equity-linked Investment (ELI) is a structured product and complex investment products involving derivatives. You should exercise caution in relation to this product. (2) ELI is not equivalent to time deposits or its substitute and provide no guarantee of return or yield on investment. It is NOT protected by the Deposit Protection Scheme in Hong Kong. (3) ELI is NOT principal protected and is NOT secured by any asset or collateral. In the worst case scenario, you could lose all of your investment. (4) The maximum potential gain may be limited. It is possible that you may not receive any potential distribution amount for the entire scheduled tenor of this product. You may, at settlement, receive physical delivery of reference asset(s). (5) Investing in ELI is not the same as investing in the reference assets. During the investment period, you have no rights in the reference asset(s). Changes in the market price of the reference asset may not lead to a corresponding change in the market value of, or your potential payout of the product. (6) If you invest in ELI, they are relying upon the creditworthiness of the issuer and, as the case may be, the guarantor and no other person. You may get nothing back if the issuer and/or the guarantor becomes insolvent or defaults in performing its obligations in relation to the product. (7) ELI involves risks, including but not limited to re-investment risk, risks of early termination, limited market making arrangements, conflict of interest, market risk, liquidity risk, currency/ exchange rate risk and risks relating to Renminbi. (8) The price or value of the ELIs may move up or down, and may even become valueless. It is as likely that losses will be incurred rather than profit made as a result of subscribing for, buying and selling the ELIs. Past performance is not indicative of future performance. (9) If the ELI is linked to US underlyings, you should also take note on the relevant risks, such as risks relating to difference in trading days and hours and their implications, taxation risks and certain information about the linked stocks may be available in English only. (10) Before making any investment decision, you should read and understand the relevant offering documents for details and the risks involved and carefully consider your financial situation, investment experience and investment objectives. You should seek independent professional advice if needed. (11) ELI is unlisted and not covered by the Hong Kong Investor Compensation Fund. (12) SFC authorization is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. (13) Limited market making arrangements are available and you may suffer a loss if you sell your ELIs before expiry - ELIs are designed to be held until expiry. If you try to sell your ELIs before expiry, the amount you receive for each ELI may be substantially less than your original investment amount. (14) Potential and actual conflicts of interest may arise from the different roles played by the issuer and its subsidiaries and affiliates in connection with the Product, which may be adverse to your interest in the Product.

Risk Disclosure Statement for Structured Notes ("SN", also known as Private Placement Note, "PPN")

(1) Structured Notes (SN) are structured products and complex investment products involving derivatives. You should exercise caution in relation to this product and seek independent professional advice when necessary before making investment decisions. (2) SN is unauthorized by any regulatory authority in Hong Kong. Relevant offering documents have not been reviewed by the SFC and you are advised to exercise caution on this product. (3) SN is only available to professional investors. (4) SN is not equivalent to time deposits or its substitute and provide no guarantee of return or yield on investment. It is NOT protected by the Deposit Protection Scheme in Hong Kong. (5) SN is NOT principal protected and is NOT secured by any asset or collateral. In the worst case scenario, you could lose all of your investment. (6) If you invest in SN, they are relying upon the creditworthiness of the issuer and, as the case may be, the guarantor and no other person. Investors may get nothing back if the issuer and/or the guarantor becomes insolvent or defaults in performing its obligations in relation to the product. (7) Limited market making arrangements are available and you may suffer a loss if you sell your SNs before expiry - SNs are designed to be held until expiry. If you try to sell your SNs before expiry, the amount you receive for each SN may be substantially less than your original investment amount. (8) Before making any investment decision, you should read and understand the relevant offering documents for details and the risks involved and carefully consider your financial situation, investment experience and investment objectives. You should seek independent professional advice if needed. (9) SN is unlisted and not covered by the Investor Compensation Fund. (10) The maximum potential gain may be limited. It is possible that you may not receive any potential distribution amount for the entire scheduled tenor of this product. You may, at settlement, receive physical delivery of reference asset(s). (11) Investing in SN is not the same as investing in the reference assets. During the investment period, you have no rights in the reference asset(s). Changes in the market price of the reference asset may not lead to a corresponding change in the market value of, or your potential payout of the product. (12) Potential and actual conflicts of interest may arise from the different roles played by the issuer and its subsidiaries and affiliates in connection with the Product, which may be adverse to your interest in the Product. (13) SN involves risks, including but not limited to, liquidity risk, market risk, exposure to market price movements in case of physical delivery of underlying stock, currency/exchange rate risk, risks relating to RMB, discretion of the calculation agent, potential conflict of interest, settlement disruption, early termination/redemption, hedging risk, no claim against any reference item and extraordinary events. (14) The price or value of the SN may move up or down, and may even become valueless. It is as likely that losses will be incurred rather than profit made as a result of subscribing for, buying and selling the SN. Past performance is not indicative of future performance.

Risk Disclosure Statements for Foreign Exchange

Foreign currency investments are subject to exchange rate risk which may result in gain or loss. The fluctuation in the exchange rate of foreign currency may result in losses in the event that customer converts the foreign currency into HKD or other foreign currencies. Renminbi is not freely convertible at present. The actual conversion arrangement will depend on the restrictions prevailing at the relevant time.

Risk Disclosure Statements for Currency Linked Deposit ("CLD")

(1) CLD is NOT equivalent to time deposit. It is NOT protected by the Deposit Protection Scheme in Hong Kong. (2) Investing in CLD is not the same as buying the Linked Currency directly. During the Deposit Period, you have no rights in the Linked Currency, and movements in the exchange rate of the Linked Currency may not lead to any corresponding change in your return on CLD. (3) CLD involves risks, including but not limited to derivatives risk, market risk, liquidity risk, credit risk of the Bank, currency risk, risks relating to Renminbi and risks of early termination by the Bank. (4) The maximum potential gain is limited. (5) CLD is NOT principal protected and you could lose all of your deposit amount. (6) Currency-Linked Deposit is not covered by the Hong Kong Investor Compensation Fund.

Risk Disclosure Statements for Structured Deposit ("SD")

(1) Not a time deposit – This product is NOT equivalent to, nor should it be treated as a substitute for, time deposit. It is NOT a protected deposit and is NOT protected by the Deposit Protection Scheme in Hong Kong. (2) Principal protection at maturity ONLY – This product is principal protected ONLY IF this product is held to maturity. If this product is early terminated, you may suffer from a substantial loss due to the devaluation of the embedded derivative(s). (3) Derivatives risk – This product is embedded with a currency swap with Spot Rate and Forward Rate as prescribed in the Product Term Sheet. Generally, when buying this product, you may be subject to market risk, credit risk, liquidity risk, legal risk and settlement risk. (4) Credit risk of the Bank – This product is not secured by any collateral. When you invest in this product, you will be relying on the Bank's creditworthiness. If the Bank becomes insolvent or defaults on its obligations under this product, you can only claim as an unsecured creditor of the Bank. In the worst case, you could suffer a total loss of your deposit amount. (5) Maximum potential loss – This product is principal protected at Maturity ONLY. You may lose your entire deposit amount if the Bank defaults in performing its obligations or there has been a tremendous devaluation of the Settlement Currency you receive at maturity. (6) Limited potential gain – The maximum potential gain is limited to the interest payment to be determined by reference to the Interest Rate. (7) No secondary market – This product is not a listed security. There is no secondary market for you to sell this product prior to its maturity.(8) Not the same as buying the Underlying currency – Investing in this product is not the same as buying the Linked Currency directly. Changes in the market price of the Linked Currency may not lead to corresponding changes to the market value and/or the performance of this product. (9) Liquidity risk – This product is designed to be held till maturity. You do not have a right to request early termination of this product before maturity. (10) Currency risk – If the Settlement Currency is not your home currency, and you choose to convert it back to your home currency upon maturity, you may make a gain or loss due to exchange rate fluctuations. (11) Risks relating to Renminbi – Where the Settlement Currency is in Renminbi, you should note that the value of Renminbi against other foreign currencies fluctuates and will be affected by, amongst other things, the PRC government's control (for example, the PRC government regulates conversion between Renminbi and foreign currencies), which may adversely affect your return under this product when you convert Renminbi into your home currency. Renminbi is not freely convertible at present. The actual conversion arrangement will depend on the restrictions prevailing at the relevant time.

Market Express - Risk Disclosure Statement and Disclaimers:

This document is issued by China CITIC Bank International Limited ("the Bank") and used for reference purpose only. The information or opinion herein is not to be construed as professional investment advice or any offer of, or invitation by or on behalf of the Bank to any person to purchase or sell or acquire or invest in any investment products. The information or opinion presented has been developed internally and/or taken from sources believed to be reliable, but the Bank makes no warranties or representation as to the accuracy, correctness, reliabilities or otherwise with respect to such information or opinion, and assume no responsibility for any omissions or errors in the content of this document. For information which is provided by the Information Provider and fund houses, it is being re-transmitted by the Bank in the ordinary course of business to you for general information and reference purposes only. The Bank did not modify or otherwise exercise control over its contents, do not take responsibility for it nor do they endorse the accuracy of such information. Investors should not make any investment decision purely based on this document. Nothing contained in this document should be construed as guidance to the suitability of the markets mentioned. Before making any investment decision, investors should carefully consider the risk factors relating to an investment product in light of their own financial circumstances, investment objectives and experiences and other personal circumstances, and should seek appropriate professional advice if necessary.

The Bank accepts no liability for any direct, special, indirect, consequential, incidental damages or other loss or damages of any kind arising from any use of or reliance on the information or opinion herein.

Investment involves risks. Investment value and return may go down as well as up. Past performance of each investment product is not indicative of its future performance. Losses may be incurred as well as profits made as a result of investing in investment product. Investment in emerging markets involves above-average investment risks, such as possible fluctuations in foreign exchange rates, political and economic uncertainties. Some funds are entitled to use financial derivative instruments to meet its investment objective and may therefore lead to higher volatility to its net asset value. Investors investing in these funds may result in loss of some or the whole amount of the capital invested. Investors should read the offering documents of the relevant investment product (including the risk factors stated therein (in particular those associated with investments in emerging markets for funds investing in emerging markets)) in details before making any investment decision.

The Bank is an authorized institution under the Banking Ordinance and is regulated by the Hong Kong Monetary Authority.
This document is issued by the Bank and its contents have not been reviewed by the SFC or any regulatory authority in Hong Kong.
No part of this document may be reproduced or transmitted in any form or by any means without the prior written permission of the Bank.

China CITIC Bank International Limited (“the Bank”) reserves the right to suspend, amend or cancel any of these Promotion Offers and Services without prior notice.
This promotional material does not itself constitute an offer of, or an invitation by or on behalf of the Bank to any person to purchase or acquire or invest in any investment products.
China CITIC Bank International Limited is an authorized institution under the Banking Ordinance and is regulated by the Hong Kong Monetary Authority.
This promotional material is issued by China CITIC Bank International Limited and has not been reviewed by the Securities and Futures Commission.

For details, please visit branches or call 2287 6788.
www.cncbinternational.com