

**CHINA INTERNATIONAL CAPITAL CORPORATION LTD:
'REMARKABLE' IS THE ONLY ADJECTIVE THAT COMES TO MIND**

What 'Magic' Does This Company Possess ?

China International Capital Corporation Ltd () (Code 3908, Main Board, The Stock Exchange of Hongkong Ltd) is another, well-heeled, investment banking group that is controlled by the Government of the People's Republic of China (PRC).

By the way, the PRC Government, also, is the Controlling Shareholder of China International Capital.

A major difference, between the flotation of China International Capital and other, PRC banking entities that have come to the Hongkong Special Administrative Region (HKSAR) of the PRC in order to raise material sums of money from the Investing Public, is that the Controlling Shareholder has just grossed \$HK573,870,720 – by selling 55,582,400 of its 'H' Shares at the Offer Price Per Share of \$HK10.28.

Another major difference, comparing this investment banking group with other PRC-Government, controlled banking entities that have been floated on the HKSAR equity market, is that, just one day after the publication and dissemination of this Company's Global Offering Prospectus, dated October 27, 2015, Management was forced to make a rather amazing – if not very worrying – announcement.

That announcement, dated October 28, 2015, stated, inter alia:

'On August 11, 2015, CICC HK Securities (China International Capital Corporation Hongkong Securities Ltd [], a wholly owned subsidiary of the Company) discovered the online trading accounts of certain clients of one of its employees in the Wealth Management Department were being accessed from CICC HK Securities' IP (Internet Protocol) address. Following further internal review, on October 12, 2015 CICC HK Securities reported to the SFC (The Securities and Futures Commission of Hongkong) that the relevant employee had conducted trading transactions in the relevant clients' online trading accounts in breach of the internal procedures and policies of CICC HK Securities and the relevant employee's conduct may have breached Paragraph 3.9 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "Code of Conduct"). It is the relevant employee's position that such access was undertaken with the knowledge of and at the instructions of the relevant clients. Following the internal review, the relevant employee was suspended and has subsequently resigned. CICC HK Securities was reminded by the SFC of its obligations to report any material non-compliance to the SFC immediately pursuant to Paragraph 12.5(a) of the Code of Conduct. CICC HK Securities is also required to, among other things, appoint an external independent consultant to perform detailed investigation of the incident and report to the SFC details of the investigation procedures that CICC HK Securities has performed since the irregularities were identified on August 11, 2015.

'The Company wishes to clarify that, as of the date of this announcement, it has not received any client complaints in relation to the incident. The Board is of the view that the incident does not constitute material information that would require an amendment to the Prospectus or the issuance of a supplemental prospectus. The Board also confirms that, having taken into account Rule 11.13 of the Listing Rules, there has been no significant change affecting

any matter contained in the Prospectus and that no significant new matter has arisen, the inclusion of information in respect of which would have been required to be in the Prospectus if it had arisen before the Prospectus was issued.'

By itself, this matter must raise very important questions in the mind of any reasonable person, no doubt, but until the investigation has been completed, it would be improper of this medium to comment on the above announcement, or of any part of it.

The Initial Public Offering (IPO)

China International Capital Offered a total of 611,406,400 'H' Shares of the Nominal Value of one renminbi per share.

The Indicative Offer Price Per Share was set at a low of \$HK9.12 to a high of \$HK10.28.

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