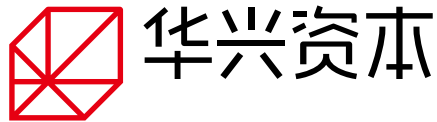


*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



# CHINA RENAISSANCE HOLDINGS LIMITED

華興資本控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1911)

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

### HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Renaissance Holdings Limited (the “**Company**” or “**China Renaissance**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2019 (the “**Reporting Period**”). These annual results have been reviewed by the Company’s audit committee.

The consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

## SUMMARY OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the Year Ended	
	December 31,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i> <i>(restated)</i>
<b>Total revenue</b>	<b>1,304,050</b>	1,398,825
<b>Total revenue and net investment gains</b>	<b>1,494,471</b>	1,460,102
<b>Total operating expenses</b>	<b>(1,158,385)</b>	(1,193,497)
<b>Operating profit</b>	<b>336,086</b>	266,605
<b>Profit (loss) before tax</b>	<b>388,592</b>	(1,553,832)
Income tax expense	<b>(78,337)</b>	(97,655)
<b>Profit (loss) for the year</b>	<b>310,255</b>	(1,651,487)
<b>Profit (loss) for the year attributable to owners of the Company</b>	<b>246,778</b>	(1,619,391)

To supplement our financial information presented in accordance with International Financial Reporting Standards (“IFRS”), we also use adjusted net profit attributable to owners of the Company as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe that this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by adjusting for potential impacts of non-recurring and certain non-cash items and our management considers this non-IFRS measure to be indicative of our operating performance. We believe that this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. Adjusted net profit attributable to owners of the Company does not have a standardised meaning prescribed by IFRS and may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and the shareholders of the Company (the “Shareholders”) should not consider it in isolation from, or as substitute for analysis of, or our results of operations as reported under IFRS.

	<b>For the Year Ended</b>	
	<b>December 31,</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	<i>RMB'000</i>
		<i>(restated)</i>
<b>Profit (loss) for the year attributable to owners of the Company</b>	<b>246,778</b>	(1,619,391)
Add:		
Share-based payment expenses	<b>74,907</b>	76,697
Interest on convertible notes	—	15,885
Change in fair value of call option	<b>689</b>	(93,537)
Change in fair value of convertible redeemable preferred shares	—	1,939,356
<b>Subtotal before adjustments relating to carried interest</b>	<b>322,374</b>	319,010
Add:		
Unrealized net carried interest <sup>(1)</sup>	<b>140,928</b>	127,441
<b>Non-IFRS Measure: Adjusted net profit attributable to owners of the Company (unaudited)<sup>(2)</sup></b>	<b>463,302</b>	446,451

*Note:*

- (1) The unrealized net carried interest is calculated by subtracting our carried interest to management team and other parties from our unrealized income from carried interest as follows.

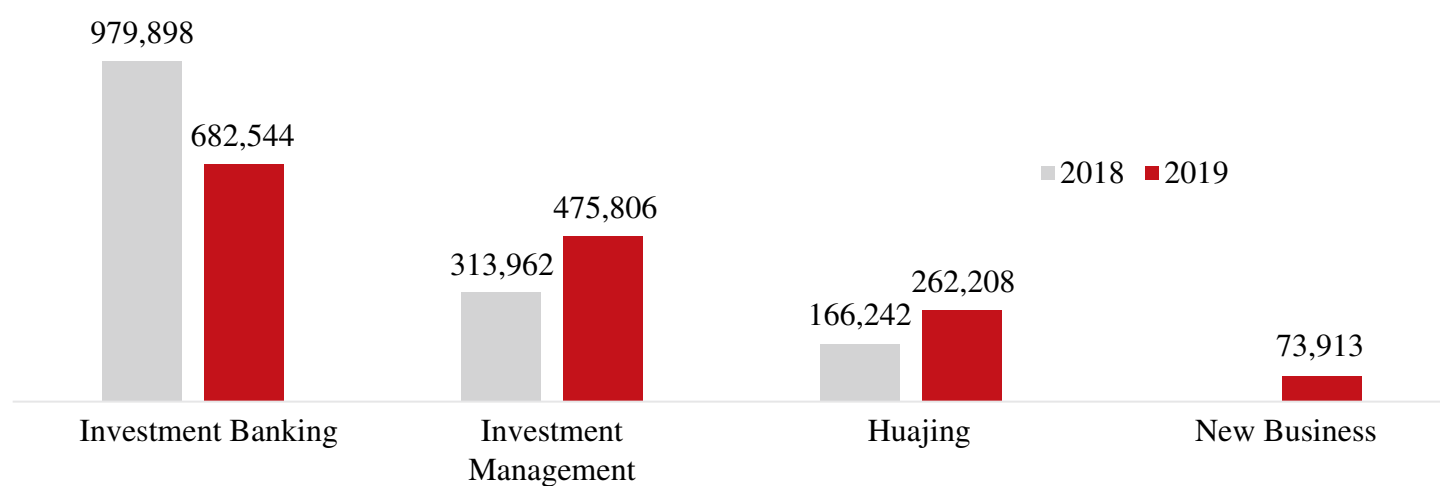
	<b>For the Year Ended</b>	
	<b>December 31,</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	<i>RMB'000</i>
		<i>(restated)</i>
Unrealized income from carried interest	<b>461,442</b>	450,109
Carried interest to management team and other parties	<b>(320,514)</b>	(322,668)
<b>Unrealized net carried interest</b>	<b>140,928</b>	127,441

The unrealized income from carried interest is based on the underlying fair value change of the respective funds under our investment management business. The unrealized income from carried interest is allocated to us based on the cumulative fund performance to date, subject to the achievement of minimum return levels to limited partners. At the end of each reporting period, we calculate the unrealized income from carried interest that would be due to us for each fund, pursuant to the relevant fund agreements, as if the fair value of the underlying investments were realized as of such date, irrespective of whether such amounts have been realized. As the fair value of underlying investments varies among reporting periods, it is necessary to make adjustments to amounts presented as unrealized income from carried interest. Such adjustments may, in certain circumstances, reverse the unrealized income from carried interest reported in the prior period due to fluctuations in the value of the underlying investments.

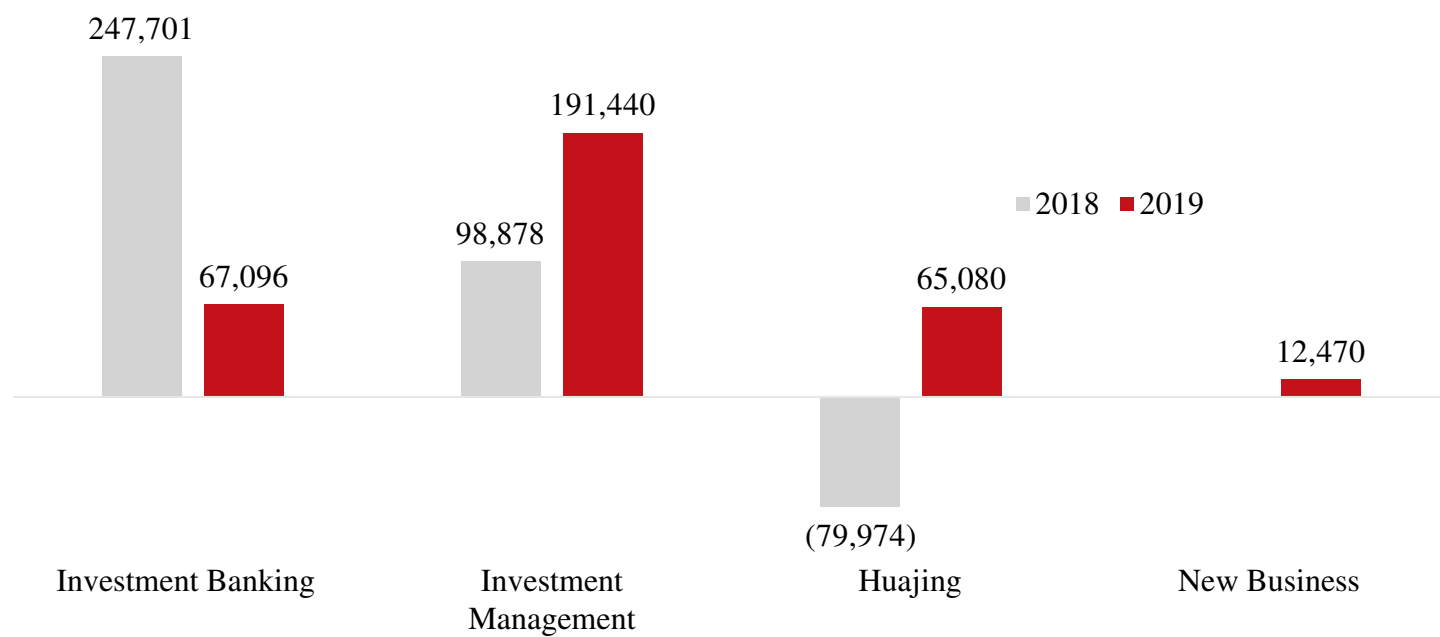
- (2) We define adjusted net profit attributable to owners of the Company as profit or loss for the year or period attributable to owners of the Company adjusted for the impact of (i) share-based payment expenses, (ii) interest on convertible notes, (iii) change in fair value of call option, (iv) change in fair value of convertible redeemable preferred shares, (v) unrealized income from carried interest, and (vi) carried interest to management team and other parties.

## SEGMENT PERFORMANCE

### Revenue and Net Investment Gains by Segment (RMB'000)



### Operating Profit (loss) by Segment (RMB'000)



# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review

2019 marked a year of transformation and continued development for China Renaissance, despite ongoing headwinds in the industry and macro environment. We are keenly aware of the potential challenges stemming from macro and industry environments in 2020, and have well prepared for them.

**Our revenue source has become more diversified in 2019**, with 45.7% from investment banking, 31.8% from investment management, 17.5% from Huajing Securities, and 5.0% from new businesses. Our operating profit increased 26.1% Year-on-Year (“YoY”), with increases most notably from management fees and reduced operating costs. The remarkable growth from investment management segment, earlier-than-expected profitability of Huajing Securities, as well as growth from new business, instilled higher resilience in our Company to withstand the vicissitudes of industry environment.

**Rising contribution from investment management fees enables higher stability of our profitability.** Private equity (“PE”) fundraising for the industry overall shrank by 34.0% YoY, affected by the new investment management rules, as well as macro uncertainties and difficulties exiting in a lukewarm secondary market. By contrast, our Company’s investment management business saw a remarkable 38.2% YoY growth in management fees. Our total assets under management (“AUM”), including 9 primary funds and 17 project funds, exceeded RMB34.0 billion by end of 2019, with the successful closing of RMB6.5 billion fund-raising for our Growth Capital RMB Fund III, including the National Social Security Fund as an important LP. Growth Capital USD Fund III also saw better-than-expected amounts of committed capital. The success in fundraising partly derives from our up-to-par fund performance, with average multiple on invested capital of 2.1x for mature funds. In 2019, for the first time since commencing our PE business in 2013, our funds paid a realized carried interest of RMB42.0 million.

**We maintained leading position in private placement financial advisory, thus better equipped to navigate through possibly still challenging times ahead.** In 2019, private placement transaction activities were more subdued, and the era merely riding on the sheer scale of Chinese population and extravagance of resources and capital may have come to an end. We took pride in having completed many milestone transactions in 2019, particularly in healthcare and technology-media-telecom (TMT) sectors, and maintained the largest market share in the realm of private placement financial advisory. Our equities revenue, from sales, trading and brokerage, expanded 43.5% YoY, despite lower market trading volume in Hong Kong.

**Our new businesses could potentially become revenue drivers in the longer term.** In 2019, we have established strategic cooperation agreements with LGT Bank and Aozora Bank, making initial steps in setting up our private wealth management business, where we intend to amplify our presence. Our wealth management business is shaped to create synergistic value with our existing businesses, being built upon 1) comprehensive product offerings from our investment management business; 2) trusted client base from our investment banking business. We also launched structured financing in 2019, providing non-equity financing solutions for new economy firms. Without diminishing our established core operations, we expect our new businesses could serve as revenue drivers in the longer term, further optimizing our revenue mix and capturing growth opportunities.

**We continue to focus on creating value for our shareholders, announcing the first dividend payment in the public market since our initial public offering (“IPO”).** Notwithstanding potential market concerns on business environment as manifested in our share price movements, we remain steadfast in generating stable and growing returns for our Shareholders, thus have declared RMB15 cents per share of the Company (the “**Share**”) for dividend payment. Our capital position remains solid, with abundant cash position on balance sheet. In the meanwhile, we will further enhance our earnings per share (EPS) and longer-term return on equity (ROE), fortifying our strengths in existing businesses, whilst embracing new business opportunities to unlock another phase of growth.

## **Business outlook**

We uphold our longstanding vision that new economy of the People’s Republic of China (the “**PRC**” or “**China**”) is a long-term secular trend, driving economic growth and wealth creation for decades. The upside potential of new economy super-cycles and financial industry reform stands intact, and the opportunity arising from the intersection of both, i.e. new economy finance, is still a force to be reckoned with. Understandably ensuring many years of accelerated growth a slowdown is inevitable, although not at all incorrigible.

We have been making assertive efforts in optimizing our business model, in order to capitalize the tremendous potential in China’s investment management and wealth management. Our new economy investment banking offers trusted access to wealth management client base, and leads to investment management deal flows. Our investment management business provides investment products for wealth management, and brings capital to investment banking referred clients. Our wealth management clients could become limited partners in investment management funds. These multi-faceted interlinks embed synergies in our operations.

In the long term, we expect our well-balanced revenue mix could buffer for downside risks and buttress for the upside. Without underestimating the challenges in the coming year arising from subdued economic activities against the 2019 Novel Coronavirus (“**COVID-19**”), which will likely slow down the revenue realization of investment banking projects, we have confidence in our ability to deal with such challenges. These challenging times tend to shape into great opportunities to engage clients. It is particularly during these critical moments full of difficulties and challenges that clients need more guidance from their trusted advisors, and we need to fulfill our role as a champion for our clients. Great investment windows typically surface during turbulent times. Dry powders from our Growth Capital RMB Fund III and USD Fund III stood at RMB7.2 billion as of the end of 2019, all set and ready for investing in potential desirable targets arising from the 2020 market.

## Financial Review

For the year ended December 31, 2019, the Group changed its presentation currency from United States Dollar (“USD” or “US\$”) to RMB, considering that: (i) the Company’s primary subsidiaries were incorporated in the PRC and their transactions are denominated and settled in RMB; (ii) the Board bases its performance evaluation and many investment decisions on RMB financial information; and (iii) the change in the presentation currency could also reduce the impact of any fluctuations in the exchange rate of US\$ against RMB, which is not due to the operations of the Group, on the Group’s consolidated financial statements, enabling the Shareholders to have a more accurate picture of the Group’s financial performance. The comparative figures as at December 31, 2018 are restated in RMB. The change of presentation currency and restatement of the comparative figures from USD to RMB do not have material impact on the consolidated financial statements of the Group.

### 1. Total Revenue and Net Investment Gains

The following table sets forth a breakdown of revenue and net investment gains by type for the years indicated.

	For the year ended			
	December 31,			
	2019	2018	Change	% of change
	RMB’000	RMB’000	RMB’000	
		(restated)		
Transaction and advisory fees	<b>760,367</b>	1,011,203	(250,836)	-24.8%
Management fees	<b>436,147</b>	313,962	122,185	38.9%
Interest income	<b>65,492</b>	73,660	(8,168)	-11.1%
Income from carried interest	<b>42,044</b>	—	42,044	n.m.
<b>Total revenue</b>	<b>1,304,050</b>	1,398,825	(94,775)	-6.8%
Net investment gains	<b>190,421</b>	61,277	129,144	210.8%
<b>Total revenue and net investment gains</b>	<b>1,494,471</b>	1,460,102	34,369	2.4%

Total revenue was RMB1,304.1 million for the year ended December 31, 2019, a decrease by 6.8%, from RMB1,398.8 million for the year ended December 31, 2018.

- Transaction and advisory fees were RMB760.4 million, a decrease of 24.8% from the prior year.
- Management fees increased to RMB436.1 million, an increase of 38.9% from the prior year.
- Interest income was RMB65.5 million, a decrease of 11.1% from the prior year.

The net investment gains were mainly derived from wealth management related products, asset management schemes, financial bonds, and structured finance related products of Huajing and New Business (as defined below) of the Company. The net investment gains increased from RMB61.3 million for the year ended December 31, 2018 to RMB190.4 million for the year ended December 31, 2019.

Total revenue and net investment gains were RMB1,494.5 million for the year ended December 31, 2019, an increase of 2.4%, from RMB1,460.1 million for the year ended December 31, 2018.

### *Segment Revenue*

The following table sets forth a breakdown of revenue and net investment gains by reporting segment for the years indicated.

	<b>For the Year Ended</b>		<b>Change</b>	<b>% of change</b>
	<b>December 31,</b>			
	<b>2019</b>	2018		
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	
		<i>(restated)</i>		
<b>Business Segment</b>				
Investment Banking	<b>682,544</b>	979,898	(297,354)	-30.3%
Investment Management	<b>475,806</b>	313,962	161,844	51.5%
Huajing	<b>262,208</b>	166,242	95,966	57.7%
New Business	<b>73,913</b>	—	73,913	n.m.
<b>Total revenue and net investment gains</b>	<b>1,494,471</b>	1,460,102	34,369	2.4%

For the investment banking segment, total revenue was RMB682.5 million for the year ended December 31, 2019, a decrease of 30.3% from the year ended December 31, 2018. This decrease was primarily due to a decrease in private placement advisory fees and mergers and acquisitions advisory revenue resulting from challenges in the domestic and global economic/financial landscapes and delay on execution, partially offset by an increase in sales, trading, and brokerage fees.

For the investment management segment, total revenue increased by 51.5% from RMB314.0 million for the year ended December 31, 2018 to RMB475.8 million for the year ended December 31, 2019. Management fees increased by 38.2% from RMB314.0 million for the year ended December 31, 2018 to RMB433.8 million for the year ended December 31, 2019. This increase was primarily in connection with the increased capital commitment of Huaxing Growth Capital RMB Fund III and Huaxing Growth Capital USD Fund III after their first closing in November 2017 and August 2018, respectively, and the first closing of Huaxing Healthcare Capital RMB Fund II in April 2019. We have successfully closed the fund raising of Huaxing Growth Capital RMB fund III in June 2019 with total committed capital more than expectation. The committed capital and AUM of our private equity funds were RMB26.1 billion and RMB34.2 billion as of December 31, 2019, representing an increase of 19.1% and of 21.0% from the end of 2018, respectively.

For the Huajing segment, segment revenue and net investment gains were RMB262.2 million for the year ended December 31, 2019, an increase of 57.7% from the year ended December 31, 2018. This increase was primarily due to an increase in equity underwriting revenue for the IPOs in STAR market of Shanghai Stock Exchange and interest income and net investment gains generated from bank deposit, term-deposit and other cash management products.



From the beginning of 2019, in addition to investment banking, investment management and Huajing, we have also launched new businesses (“**New Business**”), including structured financing and wealth management. Structured financing is dedicated to exploring and developing non-equity financing services to new economy firms. Wealth management provides value-added wealth management services to high net worth individuals and other high net worth groups represented by new economy entrepreneurs. These new businesses also helped the Company to integrate and enhance investment and management of its own funds. In the future, we expect these new businesses to increase their importance and potentially become our key strategic businesses.

For New Business, segment revenue and net investment gains were RMB73.9 million for the year ended December 31, 2019. Segment revenue and net investment gains in the New Business are mainly derived from our structured finance related products and wealth management related products.

## 2. *Operating Expenses*

Total operating expenses decreased by 2.9% from RMB1,193.5 million for the year ended December 31, 2018 to RMB1,158.4 million for the year ended December 31, 2019.

Compensation and benefit expenses decreased by 11.2% from RMB870.4 million for the year ended December 31, 2018 to RMB773.2 million for the year ended December 31, 2019. Among compensation and benefit expenses, share-based payment expense decreased by 2.3% from RMB76.7 million for the year ended December 31, 2018 to RMB74.9 million for the year ended December 31, 2019.

Other operating expenses increased by 11.4% from RMB324.9 million for the year ended December 31, 2018 to RMB361.8 million for the year ended December 31, 2019.

### *Segment Operating Expenses*

For the investment banking segment, segment operating expenses decreased by 15.9% from RMB732.2 million for the year ended December 31, 2018 to RMB615.4 million for the year ended December 31, 2019, which was primarily attributed to the decrease in compensation and benefit expenses from RMB569.0 million for the year ended December 31, 2018 to RMB429.6 million for the year ended December 31, 2019.

For the investment management segment, segment operating expenses increased by 32.2% from RMB215.1 million for the year ended December 31, 2018 to RMB284.4 million for the year ended December 31, 2019. This increase was primarily due to (i) carried interest accrued and paid to management team and other parties, and (ii) the increase in our compensation and benefit expenses.

For the Huajing segment, segment operating expenses decreased by 19.9% from RMB246.2 million for the year ended December 31, 2018 to RMB197.1 million for the year ended December 31, 2019. This decrease was primarily due to the decrease in compensation and benefits and other operating expenses attributable to effective cost management.

For New Business, total segment operating expenses was RMB61.4 million for the year ended December 31, 2019.

### **3. *Operating Profit***

Operating profit was RMB336.1 million for the year ended December 31, 2019, an increase of 26.1% from RMB266.6 million for the year ended December 31, 2018.

### **4. *Other Income, Gains or Losses***

Other gains were RMB37.1 million for the year ended December 31, 2019, an increase of 116.3% from RMB17.2 million for the year ended December 31, 2018. Other gains mainly came from government grants and interest income from bank deposits. Please refer to the note 7 to the consolidated financial statements for further details.

### **5. *Finance Costs***

Finance costs decreased significantly from RMB75.8 million for the year ended December 31, 2018 to RMB6.6 million for the year ended December 31, 2019. This decrease in interest expense was primarily due to bank borrowings drawn in November 2017 and repaid in September 2018.

### **6. *Impairment losses under expected credit loss model, net of reversal***

Reversal of impairment loss under expected credit loss model was RMB0.9 million for the year ended December 31, 2019, as compared to provision of impairment losses of RMB4.2 million for the year ended December 31, 2018.

### **7. *Investment Income arising from Certain Incidental and Ancillary Investments***

Incidental to, and ancillary of, our business operations, we have made investments from time to time, the primary types of which include (i) investments in our own private equity funds in our capacity as a general partner, typically 1% of equity interests, consistent with customary market practice, (ii) investments in our own private equity funds in our capacity as a limited partner, (iii) investments in third-party private equity funds in our capacity as a limited partner, to seize investment opportunities that are complementary to our own private equity funds, such as investment in those third-party private equity funds focusing on early-stage portfolio companies, and (iv) strategic minority equity investments. We make strategic minority equity investments primarily to establish long-term business relationships with selected companies to facilitate our business. These companies operate in various new economy sectors, such as data service and information technology, and we leverage their expertise to enhance our various business operations.

The following table sets forth a breakdown of investment income by the nature of investments for the years indicated.

	<b>For the year ended</b>	
	<b>December 31,</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	<i>RMB'000</i>
		<i>(restated)</i>
Investments in our own private equity funds in our capacity as a general partner	<b>42,118</b>	31,982
Investments in our own private equity funds in our capacity as a limited partner	<b>31,702</b>	(12,491)
Investments in third-party private equity funds in our capacity as a limited partner	<b>53,446</b>	98,253
Investments in the form of preferred shares of other companies	—	8,511
Convertible notes issued by an associate company	<b>(27,371)</b>	—
Passive equity holdings in non-associate companies	<b>(44,838)</b>	631
Hedge asset related to an interest rate cap	—	6,276
Cash management investments	<b>1,621</b>	25,162
Others	<b>(3,930)</b>	3,715
	<hr/>	<hr/>
<b>Total</b>	<b>52,748</b>	162,039
	<hr/> <hr/>	<hr/> <hr/>

Investment income decreased by 67.4% from RMB162.0 million for the year ended December 31, 2018 to RMB52.7 million for the year ended December 31, 2019, primarily as a result of the relative slow-down of appreciation in value of portfolio companies managed by the third-party private equity funds in which we have invested in the capacity as a limited partner, a loss in fair value change of passive equity holdings in certain non-associate companies, and a loss in fair value change of convertible notes issued by Beijing Jiushi Zhulu Technology Limited (“**JSZL**”) and decrease of investment income from cash management products.

#### **8. Share of Results of Associates**

Share of loss of associates for the year ended December 31, 2019 was RMB10.0 million, as compared to RMB2.2 million of share of profit of associates for the year ended December 31, 2018. The shift was mainly due to the loss from our associated companies in 2019.

#### **9. Change in Fair Value of Call Option**

The Special Administrative Measures for Access of Foreign Investment (Negative List) (2018 Edition) was promulgated on June 28, 2018 and became effective on July 28, 2018, pursuant to which the limit of ownership percentage by foreign investors in a securities company increased from 49% to 51%. Our call option to acquire the non-controlling interests in Huajing Securities thus became substantially exercisable as of December 31, 2019 and is mandatorily measured at fair value through profit or loss as a derivative in accordance with IFRS. A gain of RMB93.5 million for the year ended December 31, 2018 and a loss of RMB0.7 million for the year ended December 31, 2019 was recorded under the change in fair value of call option.

## ***10. Change in Fair Value of Convertible Redeemable Preferred Shares***

For the year ended December 31, 2018, the fair value of convertible redeemable preferred shares was a loss of RMB1,939.4 million. As the relevant convertible redeemable preferred shares were fully converted to the Company's ordinary shares immediately prior to listing of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on September 27, 2018 (the "**Listing Date**"), there was no similar accounting loss resulting from changes in fair value of convertible redeemable preferred shares after the Listing Date.

## ***11. Profit (Loss) before Tax***

Profit before tax was RMB388.6 million for the year ended December 31, 2019, as compared to loss before tax of RMB1,553.8 million for the year ended December 31, 2018.

## ***12. Income Tax Expense***

Income tax expense was RMB78.3 million and RMB97.7 million for the year ended December 31, 2019 and 2018, respectively. This was primarily due to decrease in operating results of our investment banking businesses.

## ***13. Profit (Loss) for the Year Attributable to Owners of the Company***

Profit for the year was RMB310.3 million for the year ended December 31, 2019, compared to a loss of RMB1,651.5 million for the year ended December 31, 2018, and profit attributable to owners of the Company was RMB246.8 million for the year ended December 31, 2019, compared to a loss attributable to owners of the Company of RMB1,619.4 million for the year ended December 31, 2018.

## ***14. Adjusted Net Profit Attributable to Owners of the Company***

Adjusted net profit attributable to owners of the Company without unrealized net carried interest increased from RMB319.0 million for the year ended December 31, 2018 to RMB322.4 million for the year ended December 31, 2019. Unrealized net carried interest, calculated as unrealized income from carried interest subtracting carried interest to management team and other parties, increased from RMB127.4 million for the year ended December 31, 2018 to RMB140.9 million for the year ended December 31, 2019. Adjusted net profit attributable to owners of the Company with unrealized net carried interest increased from RMB446.5 million for the year ended December 31, 2018 to RMB463.3 million for the year ended December 31, 2019.

## ***15. Pledge of Assets***

As of December 31, 2019, the Company pledged two US\$ bank deposits of US\$36.0 million (equivalent to approximately RMB251.1 million) to secure the short term credit facilities of RMB300.0 million granted by China Merchants Bank to the Group for the daily operations in mainland China. The pledged bank deposits will be released upon the settlement of all relevant secured bank borrowings.

## ***16. Gearing Ratio***

The gearing ratio of the Group, which is calculated as total liabilities divided by total assets, excluding the effect of convertible redeemable preferred shares, convertible notes, right-of-use assets, lease liabilities, open trade receivable, open trade payable, consolidated structured entities, cash held on behalf of brokerage clients and payable to brokerage clients, was 10.4% as of December 31, 2019, compared with 9.5% as of December 31, 2018. The increase was mainly due to outstanding bank borrowings as of December 31, 2019.

## ***17. Contingent Liabilities***

As of December 31, 2019, we did not have any material contingent liabilities.

## ***18. Foreign Exchange Exposure***

Foreign currency risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. Although we operate businesses in different countries, our primary subsidiaries operate in the PRC with most of the transactions settled in RMB. When considered appropriate, we enter into hedging activities with regard to exchange rate risk. As of December 31, 2019, we did not hedge or consider it necessary to use financial instruments for hedging purposes.

## ***20. Employee and Remuneration Policy***

As of December 31, 2019, we had 603 full-time employees, including over 82% advisory and investment professionals.

The following table sets forth the number of our employees by function as of December 31, 2019.

<b>Function</b>	<b>Number of Employees</b>	<b>Percentage</b>
Investment Banking	<b>249</b>	41%
Investment Management	<b>56</b>	9%
Huajing Securities	<b>175</b>	29%
New Business	<b>17</b>	3%
Group Middle and Back Office	<b>106</b>	18%
<b>Total</b>	<b>603</b>	100%

The following table sets forth the number of our employees by geographic region as of December 31, 2019.

<b>Geographic Region</b>	<b>Number of Employees</b>	<b>Percentage</b>
Beijing, China	<b>313</b>	52%
Shanghai, China	<b>158</b>	26%
Other cities in China	<b>13</b>	2%
Hong Kong	<b>98</b>	16%
United States	<b>21</b>	4%
<b>Total</b>	<b>603</b>	100%

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our retention strategy, we offer employees performance-based cash bonuses and other incentives in addition to base salaries. As of December 31, 2019, 67 grantees held options granted under the ESOP (as defined in the prospectus of the Company dated September 14, 2018 (the “**Prospectus**”)) and restricted shares under the RSU Plan (as defined in the Prospectus) which remained outstanding. The total remuneration expenses, including share-based payment expense, for the year ended December 31, 2019 were RMB773.2 million, representing a decrease of 11.2% as compared to the year ended December 31, 2018.

## **FINAL DIVIDENDS**

The following table sets forth our dividend declarations for the years indicated.

	<b>For the year ended December 31,</b>	
	<b>2019</b>	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Dividends to the Shareholders	—	102,243

The Company has adopted a dividend policy (the “**Dividend Policy**”). Pursuant to the Dividend Policy, a dividend may only be declared and paid out of the profits and reserves of the Company lawfully available for distribution (including share premium), and may not be declared and paid out if this would result in the Company being unable to pay its debts as they fall due in the ordinary course of business. The Board has absolute discretion on whether to pay a dividend and alternatively, the Shareholders may by ordinary resolution declare dividends but no dividend may be declared in excess of the amount recommended by the Board. In addition, the Company does not currently have a fixed dividend payout ratio. If the Board decides to pay dividends, the form, frequency and amount of dividends will depend on, among other things, (a) current and future operations, and future business prospects, (b) the Company’s liquidity position, cash flows, general financial condition capital adequacy ratio and capital requirements, and (c) the availability of dividends received from subsidiaries and associates in light of statutory and regulatory restrictions on the payment of dividends.

The Board has resolved to recommend the payment of a final dividend of RMB15 cents per Share for the year ended December 31, 2019 out of the Company's share premium account (the "**Final Dividend**"), being approximately RMB80.2 million in aggregate. The proposed final dividend will be paid to Shareholders whose names appear on the register of members of the Company as at the close of business on June 22, 2020, if the proposal is approved by the Shareholders at the forthcoming annual general meeting. The proposed Final Dividend will be paid in Hong Kong dollars ("**HK\$**"), such amount to be calculated by reference to the central parity rate published by the People's Bank of China for the conversion of RMB to HK\$ as at June 22, 2020.

It is expected that the Final Dividend will be paid within two months (i.e. on or before August 10, 2020) after it is approved by Shareholders at the forthcoming annual general meeting.

## **CLOSURE OF THE REGISTER OF MEMBERS**

The annual general meeting is scheduled to be held on June 11, 2020 (the "**AGM**"). For the purposes of determining Shareholders' eligibility to attend and vote at the AGM and entitlement to the Final Dividend, the register of members of the Company will be closed. Details of such closures are set out below:

### **For determining eligibility to attend and vote at the AGM:**

Latest time to lodge transfer documents for registration	4:30 p.m. on June 5, 2020
Closure of register of members	June 8, 2020 to June 11, 2020 (both days inclusive)
Record date	June 11, 2020
AGM date	June 11, 2020

### **For determining entitlement to the Final Dividend:**

Latest time to lodge transfer documents for registration	4:30 p.m. on June 16, 2020
Closure of register of members	June 17, 2020 to June 22, 2020 (both days inclusive)
Record date	June 22, 2020

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the AGM and to qualify for the Final Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than the aforementioned latest time.

A notice convening the AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules (as defined below) in due course.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company was incorporated in the Cayman Islands on July 13, 2011 with limited liability, and the shares of the Company were listed on the Main Board of the Stock Exchange on September 27, 2018.

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability.

## 1. Compliance with the Code on Corporate Governance Practices

For the year ended December 31, 2019, the Company has complied with all applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) except for the following deviations:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Bao Fan is the Chairman and Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in Mr. Bao Fan has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. Furthermore, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of Chairman and Chief Executive Officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

Further information concerning the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended December 31, 2019.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

## 2. Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the year ended December 31, 2019.



### **3. Scope of Work of the Company's Auditor**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2019 as set out in the annual results announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu (the "**Auditor**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by International Auditing and Assurance Standards Board and consequently no assurance has been expressed by the Auditor on the annual results announcement.

### **4. Audit Committee**

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely, Ms. Yao Jue, Mr. Ye Junying and Mr. Zhao Yue. Ms. Yao Jue is the chairman of the Audit Committee.

The Audit Committee has reviewed the audited consolidated financial statements and annual results of the Group for the year ended December 31, 2019 and has met with the Auditor. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

### **5. Other Board Committees**

In addition to the Audit Committee, the Company has also established a nomination committee, a remuneration committee and an executive committee.

### **6. Changes to Directors' and Senior Management's Information**

The changes in information of Directors and Senior Management required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below.

Mr. Wang Xinwei ceased to act as co-chief financial officer of the Company on December 15, 2019.

Mr. Cui Qiang, a co-chief financial officer of the Company, will remain as the chief financial officer of the Company since December 15, 2019.

## 7. Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended December 31, 2019, the Company repurchased 3,783,800 Shares on the Stock Exchange for an aggregate consideration of approximately HK\$61.4 million including expenses. The repurchased Shares were subsequently cancelled. The repurchase was effected because the Board considered that the then trading price of the Shares did not reflect their intrinsic value and business prospects of the Company and that it presented a good opportunity for the Company to repurchase Shares.

Details of the Shares repurchased during the year ended December 31, 2019 are as follows:

<b>Month of repurchases in 2019</b>	<b>No. of ordinary shares</b>	<b>Highest price paid per share HK\$</b>	<b>Lowest price paid per share HK\$</b>	<b>Aggregate consideration (HK\$'000)</b>
January	138,300	21.00	19.80	2,818
May	1,337,700	18.01	16.12	22,925
June	443,800	17.31	15.73	7,129
July	1,135,700	16.76	15.98	18,212
August	127,400	14.00	13.99	1,786
September	236,200	14.00	13.86	3,289
November	81,000	15.11	14.97	1,218
December	283,700	15.22	14.04	3,998
	<u>3,783,800</u>			<u>61,375</u>

Save as disclosed above and in the annual report of the Company for the year ended December 31, 2019, neither the Company nor any member of the Group purchased, sold or redeemed any of the Company's shares during the year ended December 31, 2019.

## 8. Material Litigation

The Company was not involved in any material litigation or arbitration during the year ended December 31, 2019. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the year ended December 31, 2019.

## 9. Use of Proceeds from Global Offering

On September 27, 2018, the shares of the Company were listed on the Main Board of the Stock Exchange. The net proceeds from the global offering were approximately HK\$2,517.6 million after deducting underwriting commissions and other expenses paid and payable by us in the Global Offering (as defined in the Prospectus). There was no change in the intended use of net proceeds as previously disclosed in the Prospectus.

As at December 31, 2019, approximately HK\$1,177.6 million of the net proceeds had been utilized. The following table sets forth the status of use of proceeds from the Company's IPO as of December 31, 2019.

	<b>% of use of proceeds</b>	<b>Net proceeds from the IPO <i>HK\$ million</i></b>	<b>Actual usage up to December 31, 2019 <i>HK\$ million</i></b>	<b>Expected timeline of full utilisation of the balance</b>
Expand our investment banking business	40%	1,007.0	<b>294.3</b>	2021
Expand our investment management business	20%	503.5	<b>238.8</b>	2020
Develop private wealth management business	20%	503.5	<b>356.2</b>	2020
Invest in technology across all our business lines	10%	251.8	<b>36.5</b>	2021
General corporate purposes	10%	251.8	<b>251.8</b>	—
<b>Total</b>		<b>2,517.6</b>	<b>1,177.6</b>	

## 10. Subsequent Event after the Reporting Period

On February 17, 2020, the Company had cancelled the total number of 7,006,300 Shares which it had repurchased on the open market from the period of December 20, 2019 to January 22, 2020, pursuant to the general mandate granted to the Directors to repurchase Shares and that approved by Shareholders at the Company's annual general meeting held on May 28, 2019, from its issued share capital.

Save as disclosed above and in Note 25 to the consolidated statement of financial position, no important events affecting the Company have occurred since December 31, 2019 and up to the date of this announcement.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

		Year ended December 31,	
	Notes	2019 RMB'000	2018 RMB'000 (restated)
<b>Revenue</b>			
Transaction and advisory fees		760,367	1,011,203
Management fees		436,147	313,962
Interest income		65,492	73,660
Income from carried interest		42,044	—
Total revenue	4	1,304,050	1,398,825
Net investment gains	5	190,421	61,277
Total revenue and net investment gains		1,494,471	1,460,102
Compensation and benefit expenses		(773,215)	(870,372)
Carried interest to management team and other parties		(26,273)	—
Investment losses attributable to interest holders of consolidated asset management schemes		2,919	1,730
Other operating expenses	6	(361,816)	(324,855)
Total operating expenses		(1,158,385)	(1,193,497)
Operating profit		336,086	266,605
Other income, gains or losses	7	37,139	17,170
Finance costs	8	(6,597)	(75,829)
Impairment losses under expected credit loss model, net of reversal	9	865	(4,191)
Investment income arising from certain incidental and ancillary investments	10	52,748	162,039
Investment gains or losses attributable to interest holders of consolidated funds		(19,605)	(11,622)
Share of results of associates		(10,016)	2,229
Share of results of a joint venture		(1,339)	—
Change in fair value of convertible redeemable preferred shares		—	(1,939,356)
Change in fair value of call option		(689)	93,537
Listing expenses		—	(64,414)
Profit (loss) before tax		388,592	(1,553,832)
Income tax expense	11	(78,337)	(97,655)
<b>Profit (loss) for the year</b>		<b>310,255</b>	<b>(1,651,487)</b>

		<b>Year ended December 31,</b>	
	<i>Notes</i>	<b>2019</b>	2018
		<b>RMB'000</b>	<b>RMB'000</b>
			<i>(restated)</i>
<b>Other comprehensive income (expense)</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		<b>108,122</b>	237,661
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>(67,744)</b>	(164,103)
Fair value gain or loss, net of expected credit losses on:			
— debt instruments measured at fair value through other comprehensive income		<b>(2,342)</b>	3,012
Other comprehensive income for the year		<b>38,036</b>	76,570
Total comprehensive income (expense) for the year		<b>348,291</b>	(1,574,917)
Profit (loss) for the year attributable to:			
— Owners of the Company		<b>246,778</b>	(1,619,391)
— Non-controlling interests		<b>63,477</b>	(32,096)
		<b>310,255</b>	(1,651,487)
Total comprehensive income (expense) for the year attributable to:			
— Owners of the Company		<b>286,013</b>	(1,544,364)
— Non-controlling interests		<b>62,278</b>	(30,553)
		<b>348,291</b>	(1,574,917)
<b>EARNINGS (LOSS) PER SHARE</b>			
Basic	12	<b>RMB0.49</b>	RMB(5.15)
Diluted	12	<b>RMB0.46</b>	RMB(5.15)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2019

		As at December 31,		As at
	Notes	2019	2018	January 1,
		RMB'000	RMB'000	2018
			(restated)	RMB'000
				(restated)
<b>Non-current assets</b>				
Property and equipment		144,062	49,342	60,761
Rental deposits		16,366	13,898	13,354
Intangible assets		51,707	33,806	34,024
Deferred tax assets		130,574	106,425	93,676
Investments in associates	14	660,515	529,163	284,451
Investment in a joint venture		5,649	—	—
Financial assets at fair value through profit or loss	15	1,507,186	639,013	387,086
Financial assets at fair value through other comprehensive income	16	—	355,741	211,166
Loans to third parties	17	65,063	92,631	32,338
Other financial assets	18	139,650	—	—
		<u>2,720,772</u>	<u>1,820,019</u>	<u>1,116,856</u>
<b>Current assets</b>				
Accounts and other receivables	19	879,094	630,735	326,290
Loans to third parties	17	38,245	26,450	—
Loans to related parties		—	1,357	14,212
Amounts due from related parties		52,586	35,682	31,931
Financial assets at fair value through profit or loss	15	3,222,352	2,370,533	425,446
Other financial assets	18	142,695	—	—
Term deposits		492,564	1,988,590	48,109
Pledged bank deposits		254,237	—	—
Cash held on behalf of brokerage clients		685,842	—	—
Cash and cash equivalents		1,022,043	442,391	2,894,451
		<u>6,789,658</u>	<u>5,495,738</u>	<u>3,740,439</u>
<b>TOTAL ASSETS</b>		<u>9,510,430</u>	<u>7,315,757</u>	<u>4,857,295</u>

	<i>Notes</i>	<b>As at December 31, 2019</b> <i>RMB'000</i>	2018 <i>RMB'000</i> <i>(restated)</i>	As at January 1, 2018 <i>RMB'000</i> <i>(restated)</i>
<b>Current liabilities</b>				
Accounts and other payables	20	1,286,790	622,796	460,937
Payables to interest holders of consolidated structured entities		747,284	184,880	34,456
Amounts due to related parties		453,830	—	101
Contract liabilities		21,614	28,481	21,720
Bank borrowings	21	129,504	—	6,730
Lease liabilities	22	53,461	—	—
Income tax payables		47,893	59,376	33,709
		<u>2,740,376</u>	<u>895,533</u>	<u>557,653</u>
<b>Net current assets</b>		<u>4,049,282</u>	<u>4,600,205</u>	<u>3,182,786</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				
		<u>6,770,054</u>	<u>6,420,224</u>	<u>4,299,642</u>
<b>Non-current liabilities</b>				
Bank borrowings	21	—	—	982,526
Lease liabilities	22	56,876	—	—
Contract liabilities		13,747	18,827	25,255
Deferred tax liabilities		27,286	7,656	4,246
Convertible redeemable preferred shares	23	—	—	1,716,212
		<u>97,909</u>	<u>26,483</u>	<u>2,728,239</u>
<b>NET ASSETS</b>		<u>6,672,145</u>	<u>6,393,741</u>	<u>1,571,403</u>
<b>Capital and reserves</b>				
Share capital	24	89	89	39
Reserves		5,159,016	4,938,752	74,976
Equity attributable to owners of the Company		<u>5,159,105</u>	<u>4,938,841</u>	<u>75,015</u>
Non-controlling interests		<u>1,513,040</u>	<u>1,454,900</u>	<u>1,496,388</u>
		<u>6,672,145</u>	<u>6,393,741</u>	<u>1,571,403</u>

## 1. GENERAL

China Renaissance Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on July 13, 2011 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its ultimate controlling party is Mr. Bao Fan, who is also the Chairman and executive director of the Company. The address of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The shares of the Company have been listed on the Stock Exchange with effect from September 27, 2018.

The principal activities of the Company and its subsidiaries (the “**Group**”) are the provision of investment banking and investment management services.

The functional currency of the Company is United States Dollars (“**US\$**”). The presentation currency of the consolidated financial statements in prior financial periods was US\$. During the year ended December 31, 2019, the Group changed its presentation currency from US\$ to Renminbi (“**RMB**”), considering that (i) the Company’s primary subsidiaries were incorporated in the People’s Republic China (“**PRC**” or “**China**”) and their transactions are denominated and settled in RMB; and (ii) to reduce the impact of any fluctuations in the exchange rate of US\$ against RMB on the Group’s consolidated financial statements. The change in presentation currency of the Group has been applied retrospectively in accordance with IAS 8 *Accounting Policies, Change in Accounting Estimates, and Errors*, and the comparative figures as at January 1, 2018 and December 31, 2018 and for the year ended December 31, 2018 have been retranslated to RMB and restated accordingly.



## 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

### 2.1 IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS 17 Leases (“IAS 17”), and the related interpretations.

#### *As a lessee*

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, January 1, 2019.

As at January 1, 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if IFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying IFRS 16.C8(b)(i) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee’s incremental borrowing rates applied by relevant group entities range from 3.2% to 4.3%.

	<b>At January 1, 2019 RMB’000</b>
Operating lease commitments disclosed as at December 31, 2018	<b>133,200</b>
Lease liabilities discounted at relevant incremental borrowing rates	<b>(7,822)</b>
Less: Recognition exemption — short-term leases	<b>(829)</b>
Change in allocation basis between lease and non-lease components	<b>(11,267)</b>
Lease liabilities as at January 1, 2019	<b>113,282</b>
Analysed	
Current	<b>35,658</b>
Non-current	<b>77,624</b>
	<b>113,282</b>

The following table summarises the impact of transition to IFRS 16 on accumulated losses at January 1, 2019.

	<b>Impact of adopting IFRS 16 January 1, 2019 RMB'000</b>
<b>Accumulated losses</b>	
Difference of expenses recognised under IFRS 16 and IAS 17	<b>4,308</b>
Tax effects	<b>(1,053)</b>
	<hr/>
Impact at January 1, 2019	<b>3,255</b>
	<hr/> <hr/>

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at January 1, 2019. Line items that were not affected by the changes have not been included.

	<b>Carrying amounts previously reported at December 31, 2018 RMB'000</b>	<b>Adjustments RMB'000</b>	<b>Carrying amounts under IFRS 16 at January 1, 2019 RMB'000</b>
<b>Non-current Assets</b>			
Property and equipment	49,342	109,964	<b>159,306</b>
Deferred tax assets	106,425	1,053	<b>107,478</b>
Rental deposits	13,898	(1,666)	<b>12,232</b>
<b>Current Assets</b>			
Accounts and other receivables			
— Prepaid lease payments	889	(889)	—
<b>Current Liabilities</b>			
Accounts and other payables			
— Accrued lease liabilities	(1,565)	1,565	—
Lease liabilities	—	(35,658)	<b>(35,658)</b>
<b>Non-current Liabilities</b>			
Lease liabilities	—	(77,624)	<b>(77,624)</b>
<b>Capital and Reserves</b>			
Reserves	(4,938,752)	3,255	<b>(4,935,497)</b>

### 3. SEGMENT INFORMATION

For the purposes of resources allocation and assessment of segment performance, the executive directors of the Company, being the chief operating decision maker (“CODM”), regularly review types of services delivered or provided by focusing on different business models. No operating segments have been aggregated in arriving at the reportable segments of the Group.

In the prior year, the Group had three operating segments (a) investment banking; (b) investment management; and (c) Huajing. In the current year, the Group changed its internal reporting structure and set up a new operating segment called “new business”. Subsequent to the change of the internal reporting structure, the Group has four reportable operating segments, which are (a) investment banking; (b) investment management; (c) Huajing; and (d) new business.

Specifically, the Group’s reportable segments under IFRS 8 are as follows:

- (a) The investment banking is a segment of the Group’s operations whereby the Group provides early to late stage financial advisory, Merger & Acquisition advisory inside and outside mainland China, equity underwriting, sales, trading, and brokerage, and research in Hong Kong and the United States of America (the “USA”);
- (b) The investment management is a segment of the Group’s operations whereby the Group provides fund and asset management for individual and institutional clients;
- (c) Huajing comprises the Group’s recently established investment banking and asset management businesses in the PRC, which overlap with the other two segments in nature but are otherwise separately operated and focuses on regulated securities market in the PRC and has an independent risk control framework;
- (d) In addition to investment banking, investment management and Huajing, the Group has also launched new business, including structured financing and wealth management. Among them, structured financing is dedicated to exploring and developing non-equity financing services for new-economy firms. Wealth management provides value-added wealth management services for high net worth individuals and other high net worth groups represented by new-economy entrepreneurs. These new businesses also help the Group integrate and enhance investment and management of its own funds, while at early developing stage the investments were carried out using Group’s own funds and these new businesses will increase their importance and potentially become the key strategic businesses.

## Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

	Year ended December 31, 2019					Total consolidated RMB'000
	Investment banking RMB'000	Investment management RMB'000	Huajing RMB'000	New business RMB'000	Consolidation adjustments and reconciling items RMB'000	
Transaction and advisory fees	682,544	—	77,823	—	—	760,367
Management fees	—	433,762	—	2,385	—	436,147
Interest income	—	—	27,344	38,148	—	65,492
Income from carried interest	—	503,486	—	—	(461,442) <sup>(note)</sup>	42,044
<b>Total Revenue</b>	<b>682,544</b>	<b>937,248</b>	<b>105,167</b>	<b>40,533</b>	<b>(461,442)</b>	<b>1,304,050</b>
Net investment gains	—	—	157,041	33,380	—	190,421
<b>Total revenue and net investment gains</b>	<b>682,544</b>	<b>937,248</b>	<b>262,208</b>	<b>73,913</b>	<b>(461,442)</b>	<b>1,494,471</b>
Compensation and benefit expenses	(429,598)	(162,474)	(130,917)	(50,226)	—	(773,215)
Carried interest to management team and other parties	—	(346,787)	—	—	320,514 <sup>(note)</sup>	(26,273)
Investment losses attributable to interest holders of consolidated asset management schemes	—	—	2,919	—	—	2,919
Other operating expenses	(185,850)	(95,619)	(69,130)	(11,217)	—	(361,816)
<b>Operating profit (loss)</b>	<b>67,096</b>	<b>332,368</b>	<b>65,080</b>	<b>12,470</b>	<b>(140,928)</b>	<b>336,086</b>
Other income, gains or losses						37,139
Finance costs						(6,597)
Impairment losses under expected credit loss model, net of reversal						865
Investment income arising from certain incidental and ancillary investments						52,748
Investment gains or losses attributable to interest holders of consolidated funds						(19,605)
Share of results of associates						(10,016)
Share of results of a joint venture						(1,339)
Change in fair value of call option						(689)
<b>Profit before tax</b>						<b>388,592</b>
Income tax expense						(78,337)
<b>Profit for the year</b>						<b>310,255</b>

Year ended December 31, 2018 (restated)

	Investment banking <i>RMB'000</i>	Investment management <i>RMB'000</i>	Huajing <i>RMB'000</i>	Consolidation adjustments and reconciling items <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Revenue</b>					
Transaction and advisory fees	979,898	—	31,305	—	1,011,203
Management fees	—	313,962	—	—	313,962
Interest income	—	—	73,660	—	73,660
Income from carried interest ( <i>note</i> )	—	450,109	—	(450,109)	—
<b>Total revenue</b>	<b>979,898</b>	<b>764,071</b>	<b>104,965</b>	<b>(450,109)</b>	<b>1,398,825</b>
Net investment gains	—	—	61,277	—	61,277
<b>Total revenue and net investment gains</b>	<b>979,898</b>	<b>764,071</b>	<b>166,242</b>	<b>(450,109)</b>	<b>1,460,102</b>
Compensation and benefit expenses	(568,992)	(123,222)	(178,158)	—	(870,372)
Carried interest to management team and other parties ( <i>note</i> )	—	(322,668)	—	322,668	—
Investment losses attributable to interest holders of consolidated asset management schemes	—	—	1,730	—	1,730
Other operating expenses	(163,205)	(91,862)	(69,788)	—	(324,855)
<b>Operating profit (loss)</b>	<b>247,701</b>	<b>226,319</b>	<b>(79,974)</b>	<b>(127,441)</b>	<b>266,605</b>
Other income, gains or losses					17,170
Finance costs					(75,829)
Impairment losses under expected credit loss model, net of reversal					(4,191)
Investment income arising from certain incidental and ancillary investments					162,039
Investment gains or losses attributable to interest holders of consolidated funds					(11,622)
Share of results of associates					2,229
Change in fair value of convertible redeemable preferred shares					(1,939,356)
Change in fair value of call option					93,537
Listing expenses					(64,414)
Loss before tax					(1,553,832)
Income tax expense					(97,655)
<b>Loss for the year</b>					<b>(1,651,487)</b>

*Note:*

The segment results of investment management also include the unrealized income from carried interest calculated below on an as-if liquidation basis in the segment information as it is a key measure of value creation, a benchmark of the Group's performance and a major factor in the Group's decision making of resource deployment. The revenue adjustments represent the unrealized income from carried interest of RMB461,442,000 and RMB450,109,000 for the year ended December 31, 2019 and 2018, which are based on the underlying fair value change of the respective funds managed by the Group. The associated expense adjustments represent the proportion of unrealized carried interest of RMB320,514,000 and RMB322,668,000 for the year ended December 31, 2019 and 2018 that would be payable to fund management teams and other third parties. The unrealized income from carried interest is allocated to the general partners based on the cumulative fund performance to date, subject to the achievement of minimum return levels to limited partners on an as-if liquidation basis. At the end of each reporting period, the general partners calculate the income from carried interest that would be due to the general partners for each fund, pursuant to the fund agreements, as if the fair value of the underlying investments were realized as of such date, irrespective of whether such amounts have been realized.

As the fair value of underlying investments vary among reporting periods, it is necessary to make adjustments to amounts presented as income from carried interest to reflect either (a) positive performance in the period resulting in an increase in the carried interest allocated to the general partners or (b) negative performance in the period that would cause the amounts due to the general partners to be less than the amounts previously presented as revenue, resulting in a negative adjustment to the carried interest allocated to the general partners. The proportion of carried interest recognized that is allocated to fund management teams and other parties (and only payable as a proportion of any carried interest received) is included, on a basis consistent with such income from carried interest, as an expense in the investment management segment.

However, during the year ended December 31, 2019, except for RMB42,044,000 of carried interest realised for certain funds, no income from carried interest for other funds was recognised as revenue and it will not be recognized as revenue until (a) it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur, or (b) the uncertainty associated with the variable consideration is subsequently resolved. All allocations of carried interest as an expense are recognized only when the amounts that will be eventually be paid out can be reliably measured, which is generally at the later stage of the applicable commitment period when the amounts are contractually payable, or "crystallized".

Segment profit or loss represents the results of each segment without allocation of corporate items including other income, gains or losses, finance costs, impairment losses under expected credit loss model, investment income arising from certain incidental and ancillary investments (the "**Passive Investment Income**"), investment gains or losses attributable to interest holders of consolidated funds, share of results of associates, share of results of a joint venture, change in fair value of convertible redeemable preferred shares, change in fair value of call option, listing expenses and income tax expense. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

### ***Segment assets and liabilities***

Information of segment assets and liabilities that are available for reportable and operating segments are not provided to the CODM for their review. Therefore, no analysis of the Group's assets and liabilities by reportable and operating segments are presented.

### ***Geographical information***

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the mainland China and Hong Kong. The geographical information of the total revenues and non-current assets is as follows:

	<b>Revenue from external customers</b>		<b>Non-current assets (note)</b>	
	<b>Year ended December 31,</b>		<b>At December 31,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
		<i>(restated)</i>		<i>(restated)</i>
Mainland China	<b>1,110,912</b>	995,268	<b>800,844</b>	603,714
Hong Kong	<b>142,829</b>	367,089	<b>45,192</b>	5,791
USA	<b>50,309</b>	36,468	<b>15,897</b>	2,806
	<b>1,304,050</b>	1,398,825	<b>861,933</b>	612,311

*Note:* Non-current assets excluded the deferred tax assets and the financial instruments.

## Other segment information

	Year ended December 31, 2019				Total RMB'000
	Investment banking RMB'000	Investment management RMB'000	Huajing RMB'000	New business RMB'000	
Amounts included in the measure of segment profit or loss:					
Depreciation and amortization	40,395	2,020	33,219	717	76,351
Losses on disposal of property and equipment	131	—	—	—	131

	Year ended December 31, 2018 (restated)				Total RMB'000
	Investment banking RMB'000	Investment management RMB'000	Huajing RMB'000	New business RMB'000	
Amounts included in the measure of segment profit or loss:					
Depreciation and amortization	10,031	1,615	20,146	—	31,792
Losses on disposal of property and equipment	99	—	—	—	99

## Information about major customers

Customers that contribute over 10% of the total revenue of the Group are as follows:

		Year ended December 31,	
		2019 RMB'000	2018 RMB'000 (restated)
Customer A	Investment banking	*	223,572

Note:

\* Revenue from this major customer was less than 10% in the relevant year presented.

None of the customers contributed over 10% of the total revenue of the Group in 2019.



#### 4. REVENUE

The Group derives its revenue from transaction and advisory fees arising from its investment banking business at a point in time; carried interest arising from its private equity management business at a point in time; management fees arising from its private equity management business and wealth management services over time and interest income arising from its Huajing and new business.

##### *Timing of revenue recognition for revenue from contract of customers*

	Year ended December 31,	
	2019	2018
	RMB'000	RMB'000 (restated)
A point of time	802,411	1,011,203
Over time	436,147	313,962
	<u>1,238,558</u>	<u>1,325,165</u>

##### *Transaction price allocated to remaining performance obligation for contract with customers*

The Group receives management fees associated with the management services for the funds that it manages, at a fixed percentage of the commitment under management. The transaction price allocated to the performance obligations in relation to the management fees that were unsatisfied as at December 31, 2019 and 2018 will be recognized as revenue on a straight-line basis over the subscription period as follows:

	As at December 31,	
	2019	2018
	RMB'000	RMB'000 (restated)
Within one year	20,474	22,122
More than one year but not more than two years	7,262	9,760
More than two years but not more than three years	3,425	6,114
More than three years	112	2,953
	<u>31,273</u>	<u>40,949</u>

The transaction price allocated to the remaining performance obligations in relation to transaction and advisory fees that were unsatisfied as at December 31, 2019 and 2018 and expected timing of recognising revenue are as follows:

	<b>As at December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b> <i>(restated)</i>
Within one year	<b>1,140</b>	6,359
More than one year but not more than two years	<b>2,948</b>	—
	<u><b>4,088</b></u>	<u>6,359</u>

## 5. NET INVESTMENT GAINS

	<b>Year ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b> <i>(restated)</i>
Net realised and unrealised gains from financial assets at FVTPL		
— Wealth management related products	<b>12,670</b>	—
— Asset management schemes	<b>76,303</b>	53,559
— Structured finance related products	<b>7,191</b>	—
— Financial bonds	<b>17,350</b>	—
— Listed equity security investments	<b>58,110</b>	—
Net realised gains or losses from financial assets at FVTOCI		
— Financial bonds	<b>3,639</b>	(631)
Gross gain or loss from consolidated structured entities		
— Asset management schemes	<b>4,125</b>	(861)
Dividend income from		
— Wealth management related products	<b>11,033</b>	9,210
	<u><b>190,421</b></u>	<u>61,277</u>

## 6. OTHER OPERATING EXPENSES

	Year ended December 31,	
	2019	2018
	RMB'000	RMB'000 (restated)
Professional service fees	94,874	86,575
Project related and business development expenses	90,496	81,425
Operating lease charges	—	41,903
Short-term lease expense	6,688	—
Office expenses	28,639	27,445
Technology expenses	35,603	28,698
Depreciation and amortization	76,351	31,792
Auditor's remuneration	8,549	5,027
Others	20,616	21,990
	<u>361,816</u>	<u>324,855</u>

## 7. OTHER INCOME, GAINS OR LOSSES

	Year ended December 31,	
	2019	2018
	RMB'000	RMB'000 (restated)
Government grants (a)	38,347	17,930
Bank and loans interest income	22,765	25,481
Net exchange loss	(2,158)	(13,011)
Gain on disposal of subsidiaries	23,525	—
Impairment loss on investment in an associate (note 14)	(39,026)	—
Others (b)	(6,314)	(13,230)
	<u>37,139</u>	<u>17,170</u>

### Notes:

- (a) The government grants were mainly incentives provided by local government authorities, which primarily included tax incentive awards and industry support funds granted by local government authorities in Shanghai, the PRC, based on the Group's contribution to the development of the local financial sector.
- (b) Others mainly included:
- An aggregated amount of RMB6,328,000 charitable donations was made by the Group during the year ended December 31, 2019 (2018: RMB 7,711,000).
  - An aggregated amount of US\$860,000 (equivalent to approximately RMB5,705,000) paid to ICBCI Investment Management Limited in consideration for their agreement to waive and consent to certain conditions in the borrowing agreement that enabled the Company to, amongst other things, issue the convertible notes in May 2018.

## 8. FINANCE COSTS

	Year ended December 31,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i> (restated)
Interest on bank borrowings	1,679	59,944
Interest on convertible notes	—	15,885
Interest on lease liabilities	4,495	—
Others	423	—
	<u>6,597</u>	<u>75,829</u>

## 9. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended December 31,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i> (restated)
Accounts and other receivables	(1,294)	2,982
Loans to third parties	(165)	1,677
Loans to related parties	(28)	(265)
Amounts due from related parties	653	(180)
Financial assets at FVTOCI	(59)	(23)
Other financial assets	28	—
	<u>(865)</u>	<u>4,191</u>

## 10. INVESTMENT INCOME ARISING FROM CERTAIN INCIDENTAL AND ANCILLARY INVESTMENTS

	Year ended December 31,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i> <i>(restated)</i>
Passive Investment Income from		
— Associates measured at fair value	<b>73,820</b>	19,491
— Unlisted investment funds at fair value	<b>53,446</b>	98,253
— Debt security investment	—	8,511
— Equity security investment	<b>(44,838)</b>	631
— Convertible notes	<b>(27,371)</b>	—
— Cash management products	<b>1,621</b>	25,162
— Others	<b>(3,930)</b>	9,991
	<b>52,748</b>	162,039
	<b>52,748</b>	162,039

Investment income arising from certain incidental and ancillary investments represents certain passive investments made from time to time, the primary type of which include (i) investments in own private equity funds, (ii) investments in third-party private equity funds, (iii) investments in the form of preferred shares of other companies, and (iv) other passive equity holdings in non-associate companies and derivatives.

## 11. INCOME TAX EXPENSE

	Year ended December 31,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i> <i>(restated)</i>
Current tax:		
Mainland China	<b>80,169</b>	80,028
Hong Kong	<b>520</b>	28,479
	<b>80,689</b>	108,507
Deferred tax:		
Current year	<b>(2,352)</b>	(10,852)
Total income tax expense	<b>78,337</b>	97,655
	<b>78,337</b>	97,655

The income tax expense for the year can be reconciled to the profit (loss) before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	<b>Year ended December 31,</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	<i>RMB'000</i>
		<i>(restated)</i>
Profit (loss) before tax	<b>388,592</b>	(1,553,832)
Income tax expense calculated at 25%	<b>97,148</b>	(388,458)
Effect of expenses that are not deductible	<b>7,299</b>	487,813
Effect of share of results of associates	<b>2,504</b>	(557)
Effect of share of results of a joint venture	<b>335</b>	—
Effect of income that are not taxable	<b>(33,625)</b>	(7,816)
Effect of tax losses not recognized	<b>17,428</b>	12,703
Utilization of tax losses previously not recognized	<b>(11,079)</b>	—
Effect of different tax rates of subsidiaries	<b>(1,673)</b>	(6,030)
Income tax expense	<b>78,337</b>	97,655

## 12. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

	<b>Year ended December 31,</b>	
	<b>2019</b>	2018
		<i>(restated)</i>
<b>Earnings (loss) for the purpose of calculating basic and diluted earnings (loss) per share:</b>		
Profit (loss) for the year attributable to owners of the Company ( <i>RMB'000</i> )	<b>246,778</b>	(1,619,391)
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	<b>500,079,515</b>	314,747,027
Effect of dilutive potential ordinary shares:		
Share options of the Group	<b>35,240,787</b>	—
Restricted share units of the Group	<b>1,411,908</b>	—
Weighted average number of ordinary shares for the purpose of calculating diluted earnings (loss) per share	<b>536,732,210</b>	314,747,027
<b>Basic earnings (loss) per share (RMB)</b>	<b>0.49</b>	(5.15)
<b>Diluted earnings (loss) per share (RMB)</b>	<b>0.46</b>	(5.15)

The calculation of basic and diluted earnings (loss) per share was based on the profit (loss) for the year attributable to the owners of the Company.

The weighted average number of shares for the purpose of basic and diluted loss per share for the years ended December 31, 2018 is calculated based on the assumption that the share subdivision on August 10, 2018 as disclosed in note 24 has been adjusted retrospectively.

The computation of diluted loss per share for the year ended December 31, 2018 has not considered the effect of the share options given that the effect is anti-dilutive.

The computation of diluted loss per share for the year ended December 31, 2018 has not considered the effect of the over-allotment option given that the effect is anti-dilutive.

The computation of diluted loss per share for the year ended December 31, 2018 has not considered the effect of the convertible redeemable preferred shares and convertible notes given that the effect is anti-dilutive.

For the year ended December 31, 2019, the share options and restricted share units granted by the Company have potential dilutive effect on the earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options and restricted share units granted by the Company. No adjustment is made to earnings.

### 13. DIVIDENDS

	<b>Year ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
		<i>(restated)</i>
Dividends to the shareholders of the Company	<u>—</u>	<u>102,243</u>

No dividend was paid or proposed for shareholders of the Company during 2019.

A cash dividend of US\$3,599,000 (equivalent to approximately RMB23,875,000) for the year of 2017 was approved at the annual general meeting held on March 17, 2018. The above dividend had been recognized as distribution by the Company during the year ended December 31, 2018.

A special dividend of US\$10,870,000 (equivalent to approximately RMB72,105,000) was approved at shareholders' meeting held on May 30, 2018. Based on the special dividend arrangement, the Company transferred several overseas investments with fair value amounting to US\$10,870,000 (equivalent to approximately RMB72,105,000) to its shareholders as a dividend distribution during the year ended December 31, 2018. Such distribution was a major non-cash transaction during the year ended December 31, 2018. In addition, a special cash dividend of US\$944,000 (equivalent to approximately RMB6,263,000) was approved at shareholders' meeting held on May 30, 2018. The Company declared and paid cash dividend to its shareholders during the year ended December 31, 2018 for its shareholders to purchase several domestic investments held by the Group with fair value amounting to US\$944,000 (equivalent to approximately RMB6,263,000) in total. The transfer of abovementioned investments held by the Group has been completed by December 31, 2018.

## 14. INVESTMENTS IN ASSOCIATES

	As at December 31,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i> (restated)
Investments in unlisted companies (a)	64,501	20,163
Investments in funds (b)	596,014	509,000
	<u>660,515</u>	<u>529,163</u>

Notes:

### (a) Investments in unlisted companies

	As at December 31,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i> (restated)
Cost of unlisted investments in associates	107,997	13,939
Share of post-acquisition profit or loss and other comprehensive income	(4,000)	6,016
Impairment loss	(39,026)	—
Exchange adjustments	(470)	208
	<u>64,501</u>	<u>20,163</u>

### (b) Investments in funds

The Group invested in associates that are investment funds it manages, and the Group elected to measure investments in these associates at fair value. Details of such investment funds are summarized as follows:

	As at December 31,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i> (restated)
Cost of investments in funds	438,508	409,628
Fair value change in funds	140,587	91,321
Exchange adjustments	16,919	8,051
	<u>596,014</u>	<u>509,000</u>



## 15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets mandatorily measured at FVTPL:

	<b>As at December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
		<i>(restated)</i>
<b>Current</b>		
Unlisted cash management products ( <i>Note i</i> )	<b>2,613,525</b>	2,182,416
Money market funds ( <i>Note ii</i> )	<b>78,370</b>	188,048
Listed financial bonds ( <i>Note iii</i> )	<b>409,451</b>	69
Trust products ( <i>Note iv</i> )	<b>121,006</b>	—
	<u><b>3,222,352</b></u>	<u>2,370,533</u>
	<b>As at December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
		<i>(restated)</i>
<b>Non-current</b>		
Trust products ( <i>Note iv</i> )	<b>27,820</b>	—
Listed equity security investments ( <i>Note v</i> )	<b>97,806</b>	—
Unlisted investment funds at fair value ( <i>Note vi</i> )	<b>414,015</b>	314,888
Unlisted debt security investments ( <i>Note vii</i> )	<b>143,268</b>	173,947
Unlisted equity security investments ( <i>Note viii</i> )	<b>724,517</b>	47,436
Warrant arising from investment in Sumscope ( <i>Note ix</i> )	—	3,912
Restricted shares arising from investment in Sumscope ( <i>Note ix</i> )	<b>2,093</b>	2,059
Call option for obtaining non-controlling interests ( <i>Note x</i> )	<b>97,667</b>	96,771
	<u><b>1,507,186</b></u>	<u>639,013</u>

*Note i:* The Group purchased cash management products with expected rates of return per annum ranging from 1.46% to 3.13% as at December 31, 2019 (December 31, 2018: 3.60% to 4.40%). The fair values are based on cash flow discounted using the expected rate of return based on management judgement and are within level 2 of the fair value hierarchy.

*Note ii:* The Group invested in money market funds through its consolidated asset management schemes. As these money market funds held by the Group were managed within a business model whose objective is to sell these investments and the contractual terms do not give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding, they were subsequently measured at FVTPL.

- Note iii:* The Group invested in financial bonds with fixed interest rates ranging from 3.60% to 7.20% as at December 31, 2019 (December 31, 2018: 3.15% to 7.20%) and can be traded in the public bonds market at any time and settled at the prevailing market prices. As these financial bonds held by the Group were managed within a business model whose objective is to sell the debt instruments, they were subsequently measured at FVTPL.
- Note iv:* The Group invested in trust products with expected return rate ranging from 8.50% to 9.85% per annum as at December 31, 2019 (December 31, 2018: nil). As trust products held by the Group was managed within a business model whose objective is to sell the investment and the contractual terms do not give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding, they were subsequently measured at FVTPL.
- Note v:* These investments represent equity investments in listed companies, and subsequent fair value change of the investments are recorded in the net investment gains in the consolidated statement of profit or loss and other comprehensive income.
- Note vi:* The fair values of the unlisted investment funds are based on the net asset values of the investment funds reported to the limited partners by the general partners at the end of the reporting period. The fair value changes are recorded in the Passive Investment Income in the consolidated statement of profit or loss and other comprehensive income.
- Note vii:* These investments represent investments in the preferred shares of unlisted companies, and subsequent fair value change of the investments are recorded in the Passive Investment Income in the consolidated statement of profit or loss and other comprehensive income.
- Note viii:* These investments represent equity investments in the unlisted companies, and subsequent fair value change of the investments are recorded in the Passive Investment Income in the consolidated statement of profit or loss and other comprehensive income.
- Note ix:* On May 22, 2018, the Group entered into a series of agreements to (i) subscribe for preferred shares in Sumscope Inc. for an aggregate consideration of approximately US\$10 million (equivalent to approximately RMB69 million), (ii) subscribe for a warrant to acquire additional preferred shares in Sumscope Inc. for up to a total investment amount of US\$14 million (equivalent to approximately RMB96 million), and (iii) subscribe for restricted ordinary shares, which shall be vested in accordance with a vesting schedule of four years, twenty-five percent of which shall vest annually in equal instalments over four years as of the execution of the agreements. The investments in preferred shares, warrant and restricted shares are measured at fair value, and changes in fair value are recognised in profit or loss. The warrant was exercised during the year of 2019. The investment in preferred shares are included in “unlisted debt security investments” at FVTPL.
- Note x:* The Group holds a call option to obtain any non-controlling interests from the non-controlling shareholders of a subsidiary of the Group, Huajing Securities, at the book value of the non-controlling interests exercisable at any time after its establishment. The fair value as at December 31, 2019 amounted to RMB97,667,000 (December 31, 2018: RMB96,771,000). The call option is not traded in an active market and the respective fair value is determined by using valuation technique. The fair values has been determined in accordance with Black Scholes model based on fair value of underlying net assets of Huajing Securities and the estimate of the exercisability of the call option.

## 16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at December 31,	
	2019	2018
	RMB'000	RMB'000 (restated)
<b>Current</b>		
Listed financial bonds	—	355,741

The Group does not have any listed financial bonds recognised as financial assets at FVTOCI as of December 31, 2019.

The total cost of the financial bonds as of December 31, 2018 was RMB343,143,000 and the fair value as of December 31, 2018 was RMB355,741,000, and with changes in fair value recorded in other comprehensive expense in the consolidated statement of profit or loss and other comprehensive income. The expected credit losses of financial bonds amounting to RMB59,000 as of December 31, 2018 was recognized in other reserves.

## 17. LOANS TO THIRD PARTIES

	As at December 31,	
	2019	2018
	RMB'000	RMB'000 (restated)
<b>Current</b>		
Shenzhen Qianhai Dadao Financial Service Co., Ltd. ("QD") (note a)	—	20,328
Tianjin Airuijie Enterprise Management Partnership (Limited Partnership) ("ARJ") (note b)	7,061	6,662
Ningbo Free Trade Zone YingWeiLi Management LP ("YWL") (note c)	33,089	—
Less: Impairment loss allowance	(1,905)	(540)
	<u>38,245</u>	<u>26,450</u>

**As at December 31,**  
**2019**                      2018  
**RMB'000**                      *RMB'000*  
*(restated)*

**Non-current**

Ningbo Free Trade Zone YingWeiLi Management LP ("YWL") (note c)	—	33,029
Winsor Holdings LLC ("WH") (note d)	34,401	30,440
Beijing Yuanjing Mingde Management Advisory Co., Ltd. ("YJMD") (note e)	31,052	31,052
Less: Impairment loss allowance	(390)	(1,890)
	<b>65,063</b>	<b>92,631</b>
	<b>65,063</b>	<b>92,631</b>

*Notes:*

- a. In October 2018, the Group entered into a loan agreement with QD, a third party. A loan amounting to RMB20,000,000, at an interest rate of 13% per annum was made to QD. The loan was guaranteed by one director of QD and secured by a pledge over the shares of QD. The loan was repaid in 2019.
- b. In July 2018, the Group entered into an agreement with ARJ, a third party. A loan amounting to RMB6,500,000, at an interest rate of 6% per annum was made to ARJ in July 2018. The loan was unsecured. The Group renewed the agreement in August 2019 to provide additional RMB10,000 loan to ARJ and extended the loan maturity for one year.
- c. In December 2017, the Group entered into a loan agreement with YWL, a third party. A loan amounting to RMB33,000,000, at an interest rate of 8% per annum was made to YWL. The loan was guaranteed by both a third party company and the controlling person of YWL. The loan was secured by a pledge over the shares of such third party company. The loan will be repaid on the third anniversary of the loan origination unless otherwise agreed by the Group and YWL.
- d. In January 2018, the Group entered into an agreement with WH, a third party. Pursuant to the agreement, a loan amounting to US\$3,983,000 (equivalent to approximately RMB27,786,000) as at December 31, 2019 (December 31, 2018: US\$3,983,000, equivalent to approximately RMB27,336,000), at the interest rate of 12% per annum was made to WH. The repayment of the loan was guaranteed by an individual and the loan will be repaid on the third anniversary of the loan origination unless otherwise agreed by the Group and WH.
- e. In May 2018, the Group entered into a loan agreement with YJMD, a third party. A loan amounting to RMB30,991,000, at an interest rate of 6% per annum was made to YJMD. The loan will be repaid on the third anniversary of the loan origination.

## 18. OTHER FINANCIAL ASSETS

	As at December 31,	
	2019	2018
	RMB'000	RMB'000
<b>Current</b>		
Notes receivable ( <i>note a</i> )	142,709	—
Less: Impairment loss allowance	(14)	—
	142,695	—
	142,695	—
	As at December 31,	
	2019	2018
	RMB'000	RMB'000
<b>Non-current</b>		
Private equity fund with fixed interest rate ( <i>note b</i> )	139,664	—
Less: Impairment loss allowance	(14)	—
	139,650	—
	139,650	—

*Notes:*

- a. On June 18, 2019, the Group purchased notes issued by Evergrande Real Estate Group Limited with a par value of HK\$195 million (equivalent to approximately RMB174,677,000) at consideration of HK\$187.3 million (equivalent to approximately RMB167,743,000), and disposed HK\$29.8 million (equivalent to approximately RMB26,666,000) during the year ended December 31, 2019. The floating interest rate is higher of 8% per annum and 3-month Hibor plus Margin and the maturity date is October 15, 2020. As the Group intends to hold this investment until the maturity date and its contractual cash flow is solely payments of principal and interest, the note receivable is recognized using the amortized cost method.
- b. On December 17, 2019, the Group invested in a private equity fund with principal amounting to US\$20,020,000 (equivalent to approximately RMB139,664,000), and the fixed interest rate is 7% per annum. The repayment of the investment principal and interest income was guaranteed by a related party of the fund's general partner. The maturity date is the third anniversary of the investment origination. As the Group intends to hold this investment until the maturity date and its contractual cash flow is solely payments of principal and interest, the investment is recognized using the amortized cost method.

## 19. ACCOUNTS AND OTHER RECEIVABLES

	<b>As at December 31,</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	<i>RMB'000</i>
		<i>(restated)</i>
Accounts receivables		
— Accounts receivable ( <i>Note i</i> )	<b>139,634</b>	295,195
— Open trade receivable ( <i>Note ii</i> )	<b>584,285</b>	99,461
Advance to suppliers	<b>23,126</b>	21,041
Other receivables		
— Refundable deposits	<b>95,881</b>	158,641
— Staff loans	<b>22,324</b>	—
— Value-added tax recoverable	<b>7,688</b>	10,551
Others ( <i>Note iii</i> )	<b>7,896</b>	49,956
	<hr/>	<hr/>
Subtotal	<b>880,834</b>	634,845
Less: Impairment loss allowance	<b>(1,740)</b>	(4,110)
	<hr/>	<hr/>
<b>Total</b>	<b>879,094</b>	630,735
	<hr/> <hr/>	<hr/> <hr/>

As at January 1, 2018, accounts receivable amounted to RMB158,469,000.

*Note i:* The Group allows an average credit period of 180 days for its customers. The following is an aging analysis of accounts receivables based on invoice dates at the end of the reporting periods:

Aging of accounts receivable (net of impairment loss allowance)

	<b>As at December 31,</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	<i>RMB'000</i>
		<i>(restated)</i>
0–30 days	<b>114,698</b>	105,349
31–60 days	<b>15,800</b>	655
61–90 days	<b>502</b>	157,400
91–180 days	<b>5,873</b>	17,831
181–360 days	<b>1,561</b>	1,476
Over 1 year	<b>214</b>	9,663
	<hr/>	<hr/>
	<b>138,648</b>	292,374
	<hr/> <hr/>	<hr/> <hr/>

*Note ii:* Open trade receivable arose from the Group's brokerage business in respect of securities trading. As the Group currently does not have an enforceable right to offset these receivables with corresponding payables to counterparties, the two balances are presented separately.

*Note iii:* An aggregated amount of RMB40,307,000 relating to advance to a third party for its investment capital in a fund as at December 31, 2018, and was repaid by the third party in January 2019.

## 20. ACCOUNTS AND OTHER PAYABLES

	As at December 31,	
	2019	2018
	RMB'000	RMB'000
		(restated)
Salaries, bonus and other benefit payables	381,040	447,879
Open trade payable (note)	584,285	99,461
Payable to brokerage clients (note)	232,933	—
Other payables	37,298	31,020
Consultancy fee payables	18,735	17,869
Carried interests to management team and other parties	3,561	—
Other tax payables	14,679	15,062
Accrued listing expenses and issue costs	2,016	7,652
Accrued expenses	12,243	3,853
	<u>1,286,790</u>	<u>622,796</u>

Note: No aging analysis is disclosed in the opinion of the directors of the Company, the aging analysis does not give additional value to the readers of these consolidated financial statements in view of the nature of these business.

## 21. BANK BORROWING

	As at December 31,	
	2019	2018
	RMB'000	RMB'000
Secured bank borrowing at fixed rate	99,478	—
Unsecured bank borrowing at fixed rate	30,026	—
	<u>129,504</u>	<u>—</u>

From July 2019 to December 2019, under the credit facilities of RMB300,000,000 from China Merchants Bank for the purpose of daily operation in mainland China, the Group utilized loan of RMB99,356,000 and was expected to be repaid from July 2020 to December 2020. The interest rate is 4.35% per annum. These loans were secured by a pledge of US\$ deposits of US\$36,000,000 (equivalent to approximately RMB251,143,000).

From July 2019 to December 2019, under the credit facilities of RMB40,000,000 from Bank of Hangzhou for the purpose of daily operation in mainland China, the Group utilized loan of RMB30,000,000 and was expected to be repaid from July 2020 to December 2020. The interest rate is 5.22% per annum.

On October 23, 2017, the Group entered into a borrowing agreement with ICBCI Investment Management Limited for total facilities of US\$200,000,000 (the “**ICBCI Loan**”) (equivalent to approximately RMB1,326,760,000). The Group utilized loan of US\$150,000,000 (equivalent to approximately RMB995,070,000) on November 17, 2017. The contractual interest rate of such loan was 7.62% per annum from November 17, 2017 to May 16, 2018 and 8.49% per annum from May 17, 2018 to September 28, 2018. Upon the completion of the Company’s Initial Public Offering (“**IPO**”), all outstanding borrowings, together with accrued interest thereon and all other amounts outstanding were repaid on September 28, 2018. CR Partners Limited, an ordinary shareholder of the Company, pledged its 29,950,000 ordinary shares of the Company to secure the Company’s ICBCI Loan in October 2017 and the pledged was removed on September 28, 2018.

## 22. LEASE LIABILITIES

	<b>As at December 31, 2019 RMB’000</b>
<b>Lease liabilities payable:</b>	
Within one year	<b>53,461</b>
Within a period of more than one year but not more than two years	<b>40,857</b>
Within a period of more than two years but not more than five years	<b>16,019</b>
	<hr/>
	<b>110,337</b>
Less: Amount due for settlement with 12 months shown under current liabilities	<b>(53,461)</b>
	<hr/>
Amount due for settlement after 12 months shown under non-current liabilities	<b>56,876</b>
	<hr/> <hr/>

## 23. CONVERTIBLE REDEEMABLE PREFERRED SHARES

On November 4, 2011, the Company and two third party investors CW Renaissance Limited (“**CW**”) and TBP Greenhouse Holdings Co., Ltd. (“**TBP**”) (collectively, the “**Series A Investors**”) entered into a purchase agreement whereby the Company issued in aggregate 15,000,000 Series A preferred shares (“**Series A Preferred Shares**”) for gross proceeds of US\$30,000,000 (equivalent to approximately RMB199,014,000).



On August 10, 2015, the Company and four third party investors-Bamboo Prime, L.P. (“**Bamboo**”), Greenhouse CR Holdings II Co., Ltd. (“**Greenhouse**”), JenCap CR (“**JenCap**”) and Smart Group Global Limited (“**Smart Group**”) (collectively, the “**Series B Investors**”) entered into a purchase agreement whereby the Company issued in aggregate 16,304,348 Series B preferred shares (“**Series B Preferred Shares**”) for gross proceeds of US\$100,000,000 (equivalent to approximately RMB663,379,000). The Series B Preferred Share Subscription Agreement, also signed by holders of Series A Preferred Shares, modified the dividend payment and redemption rights policy of Series A Preferred Shares. On Series B Preferred Shares issuance date, the dividend right of Series A Preferred Shares was removed, the interest rate of Series A Preferred Shares was modified from 6% to 8% per annum and the redemption date of Series A Preferred Shares was extended to the redemption date of Series B Preferred Shares.

On May 18, 2016, Bamboo distributed 6,521,739 Series B Preferred Shares to Bamboo Green Ltd. and 4,891,305 Series B Preferred Shares to Gopher China Harvest Fund LP upon Bamboo’s dissolution.

On April 26, 2017, the Company and CW further entered into a purchase agreement whereby the Company issued 1,527,271 Series B Preferred Shares for gross proceeds of US\$10,000,000 (equivalent to approximately RMB66,338,000). In addition, the convertible notes previously issued by the Company were fully converted into 3,260,868 Series B Preferred Shares.

Major terms of the Series A Preferred Shares and Series B Preferred Shares are set out in the Group’s annual financial statements for the year ended December 31, 2018.

The movement of the convertible redeemable preferred shares is set out below:

	<i>RMB’000</i>
At January 1, 2018 (restated)	<u>1,716,212</u>
Changes in fair value up to September 27, 2018	1,939,356
Conversion of Series A Preferred Shares into ordinary shares	(1,530,120)
Conversion of Series B Preferred Shares into ordinary shares	(2,151,603)
Effect of exchange rate change	<u>26,155</u>
At December 31, 2018	<u><u>—</u></u>

The Group used share offering price of HK\$31.80 and discount for lack of marketability (“**DLOM**”) of 5.11% to determine the fair value of the convertible redeemable preferred shares as at September 27, 2018, as the shareholders cannot dispose of any of the shares they owned at any time during the lockup period of 180 days from the September 27, 2018.

## 24. SHARE CAPITAL

On August 10, 2018, the Company conducted a share subdivision pursuant to which each authorized issued and unissued share with a par value of US\$0.0001 in the Company was subdivided into 4 shares with a par value of US\$0.000025 each (the “Share Subdivision”), such that immediately following the Share Subdivision, the authorized share capital of the Company was US\$50,000 made up of 2,000,000,000 shares divided into (a) 1,820,000,000 ordinary shares with a par value of US\$0.000025 each, (b) 80,000,000 Series A Preferred Shares with a par value of US\$0.000025 each and (c) 100,000,000 Series B Preferred Shares with a par value of US\$0.000025 each.

On September 27, 2018, the Company listed its shares on the Stock Exchange and issued 85,008,000 ordinary shares at the offer price of HK\$31.80 per share. The net proceeds from IPO were approximately HK\$2,607.4 million (equivalent to approximately RMB2,204,889,000), after deducting all capitalized listing related expenses. Out of the net proceeds from IPO, US\$332,371,000 (equivalent to approximately RMB2,204,885,000) was credited to the Company’s share premium account.

As of December 31, 2019, the authorized share capital of the Company was US\$50,000 made up of 2,000,000,000 ordinary shares with a par value of US\$0.000025 made each.

Details of the movement of share capital of the Company are as follows:

	Number of shares	Nominal value per share <i>US\$</i>	Share capital <i>US\$</i>	Amount shown in the financial statement <i>RMB</i>
<b>Authorized</b>				
At January 1, 2018	500,000,000	0.0001	50,000	
Share Subdivision	<u>1,500,000,000</u>		<u>—</u>	
At December 31, 2018 and 2019	<u>2,000,000,000</u>	0.000025	<u>50,000</u>	
<b>Issued</b>				
At January 1, 2018	60,000,000	0.0001	6,000	38,830
Shares issued to the Trusts	10,000,000	0.0001	1,000	6,634
Exercise of share options before the Share Subdivision	<u>3,819,500</u>	0.0001	<u>382</u>	<u>2,534</u>
Subtotal	73,819,500	0.0001	7,382	47,998
Share Subdivision	<u>221,458,500</u>		<u>—</u>	<u>—</u>

	Number of shares	Nominal value per share <i>US\$</i>	Share capital <i>US\$</i>	Amount shown in the financial statement <i>RMB</i>
After Share Subdivision	295,278,000	0.000025	7,382	47,998
Issuance of ordinary shares	85,008,000	0.000025	2,125	14,097
Conversion of convertible notes into ordinary shares	23,783,664	0.000025	595	3,947
Conversion of Series A Preferred Shares into ordinary shares ( <i>note 23</i> )	60,000,000	0.000025	1,500	9,951
Conversion of Series B Preferred Shares into ordinary shares ( <i>note 23</i> )	84,369,948	0.000025	2,109	13,991
Shares repurchased and cancelled ( <i>note</i> )	(4,576,200)	0.000025	(114)	(756)
	<u>543,863,412</u>	<u>0.000025</u>	<u>13,597</u>	<u>89,228</u>
At January 1, 2019				
Shares repurchased and cancelled ( <i>note</i> )	(3,878,400)	0.000025	(97)	(668)
Exercise of share options	1,394,000	0.000025	35	240
	<u>541,379,012</u>		<u>13,535</u>	<u>88,800</u>
At December 31, 2019				
			<b>As at December 31</b>	
			<b>2019</b>	<b>2018</b>
			<i>RMB\$'000</i>	<i>RMB\$'000</i>
				<i>(restated)</i>
Presented as			<u><u>89</u></u>	<u><u>89</u></u>

*Note:*

The Company repurchased its own shares through the Stock Exchange as follows:

**2019**

<b>Month of repurchases</b>	<b>No. of ordinary shares</b>	<b>Price paid per share</b>		<b>Aggregate consideration paid (including expenses)  RMB'000</b>
		<b>Highest RMB Equivalent</b>	<b>Lowest RMB Equivalent</b>	
January 2019	138,300	18.84	17.78	2,475
May 2019	1,337,700	16.14	14.45	20,105
June 2019	443,800	15.59	14.11	6,322
July 2019	1,135,700	15.12	14.39	16,057
August 2019	127,400	12.55	12.35	1,572
September 2019	236,200	12.56	12.44	2,923
November 2019	81,000	13.59	13.46	1,082
December 2019	283,700	13.74	12.61	3,551
	<b>3,783,800</b>			<b>54,087</b>

During the year ended December 31, 2019, 3,783,800 ordinary shares of the Company were repurchased at an aggregate cost of HK\$61,375,000 (equivalent to approximately RMB54,087,000). As of December 31, 2019, out of 3,783,800 ordinary shares repurchased, 3,773,800 ordinary shares were cancelled during the year ended December 31, 2019 while the remaining 10,000 ordinary shares were cancelled in February 2020.

2018 (restated)

Month of repurchases	No. of ordinary shares	Price paid per share		Aggregate consideration paid (including expenses)
		Highest	Lowest	RMB'000
		RMB Equivalent	RMB Equivalent	
October 2018	1,095,100	13.47	12.54	14,291
November 2018	3,357,000	20.03	13.47	60,256
December 2018	228,700	18.44	16.32	4,044
	<u>4,680,800</u>			<u>78,591</u>

During the period from October 26, 2018 to December 31, 2018, 4,680,800 ordinary shares of the Company were repurchased at an aggregate cost of HK\$92,554,000 (equivalent to approximately RMB78,591,000). As of December 31, 2018, out of 4,680,800 ordinary shares repurchased, 4,576,200 ordinary shares were cancelled during the year ended December 31, 2018 while the remaining 104,600 ordinary shares were cancelled in January 2019.

## 25 EVENT AFTER THE REPORTING PERIOD

The Directors assessed that the outbreak of the **COVID-19** in China and the subsequent quarantine measures imposed by the Chinese government as well as the travel restrictions imposed by other countries in early 2020 have not had a severe negative impact on the operations of the Group since January 2020, and will continue to evaluate the impact of COVID-19 on the business in the future.

On March 25, 2020, the Board of the Company has resolved to recommend the payment of a final dividend of RMB15 cents per share for the year ended December 31, 2019 out of the Company's share premium account (the "**Final Dividend**"), being approximately RMB80.2 million in aggregate. The proposed Final Dividend will be paid to Shareholders whose names appear on the register of members of the Company as at the close of business on June 22, 2020, if the proposal is approved by the Shareholders at the forthcoming annual general meeting. The proposed Final Dividend will be paid in HK\$, such amount to be calculated by reference to the central parity rate published by the People's Bank of China for the conversion of RMB to HK\$ as at June 22, 2020. It is expected that the Final Dividend will be paid within two months (i.e. on or before August 10, 2020) after it is approved by Shareholders at the forthcoming AGM.

## 26. COMPARATIVE FIGURES

As disclosed in note 1, due to the voluntary change in presentation currency during the current period, comparative amounts have been restated to conform with the current period presentation, and a third statement of financial position as at January 1, 2018 has been presented.

# **PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.huaxing.com](http://www.huaxing.com). The annual report of the Company for the year ended December 31, 2019 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Shareholders in due course.

By order of the Board  
**China Renaissance Holdings Limited**  
**Bao Fan**  
*Chairman and Executive Director*

Hong Kong, March 25, 2020

*As at the date of this announcement, the Board comprises Mr. Bao Fan as Chairman and Executive Director, Mr. Xie Yi Jing and Mr. Du Yongbo as Executive Directors, Mr. Neil Nanpeng Shen, Mr. Li Shujun and Mr. Li Eric Xun as Non-executive Directors, and Ms. Yao Jue, Mr. Ye Junying and Mr. Zhao Yue as Independent Non-executive Directors.*