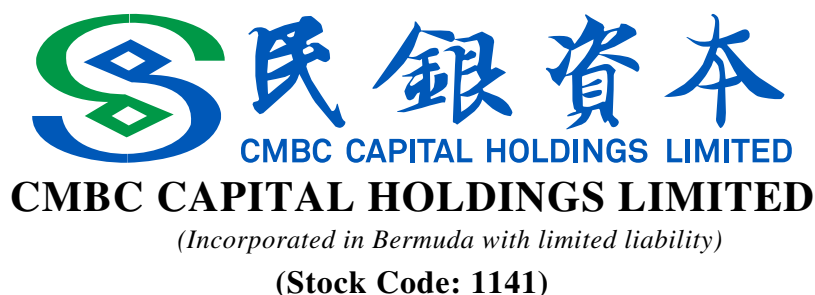


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**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

The board (the “**Board**”) of directors (the “**Directors**”) of CMBC Capital Holdings Limited (the “**Company**”) is pleased to announce the condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2021 (the “**Reporting Period**”) together with comparative figures for the six months ended 30 June 2020 (the “**Previous Period**”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		Six months ended	
		30 June	30 June
		2021	2020
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	461,012	501,578
Net gains on financial assets at fair value through profit or loss (“FVTPL”)		77,208	48,204
Net losses on financial assets at fair value through other comprehensive income (“FVOCI”)		(106,221)	(9,075)
Net gains on financial assets at amortised cost		76	–
Other income	5	6,648	7,483
Other gains and losses	6	11	(3,815)
Impairment losses	7	(34,768)	(107,689)
Staff costs		(38,552)	(33,553)
Depreciation and amortisation		(13,875)	(13,856)
Other operating expenses		(25,852)	(25,942)
Finance costs	8	(91,879)	(163,167)
Profit before taxation	9	233,808	200,168
Taxation	10	(32,619)	(34,718)
Profit for the period attributable to owners of the Company		<u>201,189</u>	<u>165,450</u>
Earnings per share attributable to owners of the Company (HK cents)	11		
– Basic		0.42	0.35
– Diluted		<u>0.42</u>	<u>0.35</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended	
	30 June 2021 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Unaudited)
Profit for the period attributable to owners of the Company	201,189	165,450
Other comprehensive income/(loss)		
Item that will not be reclassified to profit or loss:		
– Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	9,202	(34,241)
Item that may be reclassified subsequently to profit or loss:		
– Financial assets at fair value through other comprehensive income – net movement in fair value reserve (recycling)	<u>93,346</u>	<u>(83,631)</u>
Other comprehensive income/(loss) for the period, net of tax	<u>102,548</u>	<u>(117,872)</u>
Total comprehensive income for the period attributable to owners of the Company	<u>303,737</u>	<u>47,578</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
	Notes		
Non-current assets			
Property, plant and equipment		8,305	9,418
Right-of-use asset		81,749	93,428
Goodwill		16,391	16,391
Intangible assets		1,417	2,103
Loans and advances	13	77,821	–
Financial assets at amortised cost	15	61,906	77,272
Deferred tax assets		2,052	1,383
Other assets		10,505	10,138
		<u>260,146</u>	<u>210,133</u>
Current assets			
Accounts receivable	14	1,496,266	502,816
Prepayments, deposits and other receivables		244,219	35,339
Interest receivable		165,478	119,836
Amount due from an intermediate holding company		12,269	–
Loans and advances	13	696,413	1,485,217
Financial assets at fair value through other comprehensive income	16	8,137,320	6,835,510
Financial assets at fair value through profit or loss	17	2,318,683	1,240,808
Cash held on behalf of customers		230,454	357,370
Cash and cash equivalents		941,100	378,170
		<u>14,242,202</u>	<u>10,955,066</u>

		As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
	<i>Notes</i>		
Current liabilities			
Accounts payable	18	268,089	359,441
Other payables and accruals		276,659	83,147
Amount due to an intermediate holding company		–	5,927
Loans from an intermediate holding company	19	4,270,438	4,446,443
Notes payable	20	1,403,126	–
Financial assets sold under repurchase agreements	21	5,190,368	3,390,747
Financial liabilities at fair value through profit or loss	22	345	93,922
Lease liabilities		27,388	27,388
Dividend payable		157,001	–
Tax payable		48,563	20,831
		<u>11,641,977</u>	<u>8,427,846</u>
Net current assets		<u>2,600,225</u>	<u>2,527,220</u>
Total assets less current liabilities		<u>2,860,371</u>	<u>2,737,353</u>
Non-current liabilities			
Lease liabilities		57,426	66,670
Deferred tax liabilities		64,583	70,715
		<u>122,009</u>	<u>137,385</u>
Net assets		<u>2,738,362</u>	<u>2,599,968</u>
Capital and reserves			
Share capital	23	475,537	476,279
Reserves		2,262,825	2,123,689
Total equity		<u>2,738,362</u>	<u>2,599,968</u>

NOTES:

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). They were authorised for issue on 30 August 2021.

This interim financial report has been prepared in accordance with the same accounting policies adopted in 2020 annual financial statements.

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

2 CHANGES IN ACCOUNTING POLICIES

A number of new or amended standards became applicable for the current reporting period, and the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

The following amendments to accounting standards are applicable for annual reporting periods commencing on or after 1 January 2021:

- Covid-19-related Rent Concessions – amendments to HKFRS 16
- Interest Rate Benchmark Reform – Phase 2 – amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16

None of these is expected to have a significant effect on the condensed consolidated financial statements of the Group.

3 SEGMENT INFORMATION

In a manner consistent with the way in which information is reported internally to the Group's management, being the chief operating decision makers, for the purpose of resources allocation and assessment of segment performance focusing on types of services provided. "Investment and Financing", which was previously presented in the 2020 condensed consolidated financial statements, has been presented as two segments "Fixed-income direct investment" and "Other Investment and financing" in 2020 annual financial statements. Therefore, the comparatives have been re-presented accordingly to align with the Group's current internal reporting information.

- the "securities" segment representing the business line of provision of brokerage services, securities margin financing services to clients and securities underwriting/placing;
- the "fixed-income direct investment" segment representing direct investment and trading activities in fixed-income securities;
- the "other investment and financing" segment representing investment and trading activities in equity securities, bonds and funds other than direct investment and trading activities in fixed-income securities, and provision of loan financing services;
- the "asset management" segment representing provision of asset management services to clients;
- the "corporate finance and advisory" segment representing provision of sponsorship, financial advisory and financial arrangement services to clients; and
- the "Others" segment primarily includes head office operations as well as interest income and interest expense incurred for generating working capital for general operations.

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by service lines is as follows:

	Six months ended	
	30 June	30 June
	2021	2020
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by service lines		
– Commission income from brokerage and related services	4,422	365
– Commission income from underwriting, sub-underwriting, placing and sub-placing	39,439	17,052
– Financial advisory, sponsorship, arrangement fee and other service income	23,807	14,483
– Asset management fee, investment advisory services fee and performance fee income	69,587	62,226
	<u>137,255</u>	<u>94,126</u>
	-----	-----
Revenue from other sources		
Loan and financing		
– Interest income from provision of finance and securities margin financing	79,365	119,490
Financial investments		
– Interest income from debt securities investments	150,942	237,962
– Interest income from FVTPL investments	17,144	8,125
– Dividend income and other investment income	76,306	41,875
	<u>244,392</u>	<u>287,962</u>
	-----	-----
	<u>461,012</u>	<u>501,578</u>

The Group's revenue from continuing operation from external customers are located in Hong Kong.

Disaggregation of revenue is set out below:

For the six months ended	Securities		Fixed-income direct investment		Other investment and financing		Asset management		Corporate finance and advisory		Total	
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Re-presented)		(Re-presented)							
Revenue from contracts with customers within the scope of HKFRS 15	39,871	8,099	-	-	-	-	69,587	62,226	27,797	23,801	137,255	94,126
Revenue from other sources												
Loan and financing												
- Interest income from provision of finance and securities margin financing	25,440	25,565	-	-	53,925	93,925	-	-	-	-	79,365	119,490
Financial investments												
- Interest income from debt securities investments	-	-	150,942	237,962	-	-	-	-	-	-	150,942	237,962
- Interest income from FVTPL investments	-	-	22	-	17,122	8,125	-	-	-	-	17,144	8,125
- Dividend income and other investment income	-	-	58,826	37,668	17,480	4,207	-	-	-	-	76,306	41,875
	-	-	209,790	275,630	34,602	12,332	-	-	-	-	244,392	287,962
Reportable segment revenue	65,311	33,664	209,790	275,630	88,527	106,257	69,587	62,226	27,797	23,801	461,012	501,578

Segment revenue and results

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

	Six months ended 30 June 2021						Total HK\$'000
	Securities HK\$'000	Fixed-income direct investment HK\$'000	Other investment and financing HK\$'000	Asset management HK\$'000	Corporate finance and advisory HK\$'000	Others HK\$'000	
Segment revenue and investment gains/(losses)							
– Reportable segment revenue	65,311	209,790	88,527	69,587	27,797	–	461,012
– Net gains on financial assets at fair value through profit or loss	–	18,882	58,326	–	–	–	77,208
– Net losses on financial assets at fair value through other comprehensive income	–	(106,221)	–	–	–	–	(106,221)
– Net gains on financial assets at amortised cost	–	76	–	–	–	–	76
	<u>65,311</u>	<u>122,527</u>	<u>146,853</u>	<u>69,587</u>	<u>27,797</u>	<u>–</u>	<u>432,075</u>
Other income	1,880	12	–	40	256	4,460	6,648
Other gains and losses	307	(5,852)	1,299	93	–	4,164	11
Segment expenses	<u>(25,562)</u>	<u>(83,278)</u>	<u>(58,085)</u>	<u>(14,300)</u>	<u>(13,467)</u>	<u>(10,234)</u>	<u>(204,926)</u>
Segment results	<u>41,936</u>	<u>33,409</u>	<u>90,067</u>	<u>55,420</u>	<u>14,586</u>	<u>(1,610)</u>	<u>233,808</u>

	Six months ended 30 June 2020						Total HK\$'000
	Securities HK\$'000	Fixed-income direct investment (Re- presented) HK\$'000	Other investment and financing (Re- presented) HK\$'000	Asset management HK\$'000	Corporate finance and advisory HK\$'000	Others HK\$'000	
Segment revenue and investment gains/(losses)							
– Reportable segment revenue	33,664	275,630	106,257	62,226	23,801	–	501,578
– Net gains on financial assets at fair value through profit or loss	–	896	47,308	–	–	–	48,204
– Net losses on financial assets at fair value through other comprehensive income	–	(9,075)	–	–	–	–	(9,075)
	<u>33,664</u>	<u>267,451</u>	<u>153,565</u>	<u>62,226</u>	<u>23,801</u>	<u>–</u>	<u>540,707</u>
Other income	1,523	178	13	456	633	4,680	7,483
Other gains and losses	(1,460)	9,110	(874)	(328)	115	(10,378)	(3,815)
Segment expenses	<u>(15,412)</u>	<u>(229,544)</u>	<u>(49,210)</u>	<u>(19,440)</u>	<u>(14,699)</u>	<u>(15,902)</u>	<u>(344,207)</u>
Segment results	<u>18,315</u>	<u>47,195</u>	<u>103,494</u>	<u>42,914</u>	<u>9,850</u>	<u>(21,600)</u>	<u>200,168</u>

Segment assets and liabilities

		As at 30 June 2021				
		Fixed-income	Other	Asset	Corporate	
		direct	investment	management	finance	
Securities	investment	and financing			and advisory	Others
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
						Total
						HK\$'000
Assets						
Segment assets	2,031,539	8,581,677	3,631,172	69,490	25,970	14,502,348
Liabilities						
Segment liabilities	1,640,331	7,015,461	2,803,279	21,239	–	11,763,986
		As at 31 December 2020				
		Fixed-income	Other	Asset	Corporate	
		direct	investment	management	finance	
Securities	investment	and financing			and advisory	Others
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
						Total
						HK\$'000
Assets						
Segment assets	985,583	6,955,357	2,947,028	48,656	26,750	11,165,199
Liabilities						
Segment liabilities	776,097	6,383,045	1,236,604	14,106	–	8,565,231

4 REVENUE

	Six months ended	
	30 June 2021	30 June 2020
	HK\$'000	HK\$'000
Commission income from brokerage and related services	4,422	365
Commission income from underwriting, sub-underwriting, placing and sub-placing	39,439	17,052
Interest income from debt securities investments	150,942	237,962
Interest income from FVTPL investments	17,144	8,125
Interest income from provision of finance and securities margin financing	79,365	119,490
Dividend income and other investment income	76,306	41,875
Financial advisory, sponsorship, arrangement fee and other service income	23,807	14,483
Asset management fee, investment advisory services fee and performance fee income	69,587	62,226
	461,012	501,578

5 OTHER INCOME

	Six months ended	
	30 June 2021	30 June 2020
	HK\$'000	HK\$'000
Bank interest income	33	1,065
Office sharing fee income	4,440	4,440
Other income	2,175	1,978
	6,648	7,483

6 OTHER GAINS AND LOSSES

	Six months ended	
	30 June 2021	30 June 2020
	HK\$'000	HK\$'000
Net exchange gain/(loss)	11	(3,815)
	11	(3,815)

7 IMPAIRMENT LOSSES

	Six months ended	
	30 June 2021	30 June 2020
	HK\$'000	HK\$'000
Impairment losses		
– Loans and advances (<i>Note 13</i>)	21,391	6,813
– Accounts receivable (<i>Note 14</i>)	503	1,555
– Financial assets at fair value through other comprehensive income (<i>Note 16</i>)	12,861	64,352
– Financial assets at amortised cost (<i>Note 15</i>)	13	34,969
	<u>34,768</u>	<u>107,689</u>

8 FINANCE COSTS

	Six months ended	
	30 June 2021	30 June 2020
	HK\$'000	HK\$'000
Interest expense on:		
Margin loan	–	4
Notes payable	5,189	1,521
Bank borrowings	551	–
Loans from an intermediate holding company	65,610	118,986
Financial assets sold under repurchase agreements	18,361	39,992
Lease liabilities	2,168	2,664
	<u>91,879</u>	<u>163,167</u>

9 PROFIT BEFORE TAXATION

	Six months ended	
	30 June 2021	30 June 2020
	HK\$'000	HK\$'000
The Group's profit before taxation is arrived at after charging:		
Depreciation of property, plant and equipment	1,510	1,491
Depreciation of right-of-use asset	11,679	11,679
Amortisation of intangible assets	686	686
	<u>13,875</u>	<u>23,856</u>

10 TAXATION

	Six months ended	
	30 June 2021	30 June 2020
	HK\$'000	HK\$'000
Current period – Hong Kong Profits Tax	(39,420)	(17,376)
Deferred tax credited/(provided) for the period	<u>6,801</u>	<u>(17,342)</u>
	<u>(32,619)</u>	<u>(34,718)</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

11 EARNINGS PER SHARE

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

	Six months ended	
	30 June 2021	30 June 2020
	HK\$'000	HK\$'000
Earnings		
Profit attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>201,189</u>	<u>165,450</u>

	Six months ended	
	30 June 2021	30 June 2020
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>47,601,858</u>	<u>47,673,449</u>

The denominators used are the same as those detailed above for the basic and diluted earnings per share.

12 DIVIDENDS

The Board of Directors does not recommend the payment of interim dividend for the six months ended 30 June 2021 (30 June 2020: Nil).

The final dividend of HK0.33 cents per share (2019: HK0.33 cents per share) for the year ended 31 December 2020 had been approved by the shareholders of the Company on 29 June 2021 and was paid on 30 July 2021 in an aggregated amount of approximately HK\$157,001,000 (For the year ended 31 December 2019: approximately HK\$157,272,000).

13 LOANS AND ADVANCES

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Loans and advances	785,671	1,492,193
Less: Allowance for expected credit losses	(11,437)	(6,976)
	<u>774,234</u>	<u>1,485,217</u>
Less: Amount due within one year shown under current assets	(696,413)	(1,485,217)
	<u>77,821</u>	<u>–</u>
Amount shown under non-current assets		
Loans and advances (non-current)	77,882	–
Less: Allowance for expected credit losses	(61)	–
	<u>77,821</u>	<u>–</u>
Loans and advances (current)	707,789	1,492,193
Less: Allowance for expected credit losses	(11,376)	(6,976)
	<u>696,413</u>	<u>1,485,217</u>

At 30 June 2021, loans and advances included loans to independent third parties with effective interest rates ranging from 6% to 13% (31 December 2020: 5% to 13%) per annum. Certain loans and advances were secured and/or backed by guarantees or collaterals. Regular reviews on these loans are conducted by the risk management department based on the latest status of these loans, and the latest available information about the borrowers and the underlying collaterals held.

During the period ended 30 June 2021, allowance for expected credit losses of HK\$21,391,000 was recognised (for the six months ended 30 June 2020: HK\$6,813,000) in the condensed consolidated statement of profit or loss.

14 ACCOUNTS RECEIVABLE

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Accounts receivable arising from the ordinary course of business of securities brokerage, futures and options dealing services:		
– Clearing houses	111	2,828
– Cash clients	15,748	2
– Margin clients	403,138	480,286
– Clients for subscription of new shares in IPO	1,060,894	–
	1,479,891	483,116
Accounts receivable arising from the ordinary course of business of securities underwriting	9,826	12,639
Accounts receivable arising from the ordinary course of business of advisory services	9,666	9,675
	1,499,383	505,430
Less: Allowance for expected credit losses	(3,117)	(2,614)
	1,496,266	502,816

Accounts receivable arising from the business of dealing in securities

The normal settlement terms of accounts receivable from clients and clearing houses, except for accounts receivable due from margin clients, arising from the ordinary course of business of securities brokerage services are two trading days after the trade date. No ageing analysis is disclosed as, in the opinion of directors of the Company, an ageing analysis does not give additional value in view of the nature of this business.

Accounts receivable due from margin clients are repayable on demand and carry interest at 5% to 18% per annum during the six months ended 30 June 2021 (during the year ended 31 December 2020: accounts receivable due from margin clients are repayable on demand and carry interest at 5.25% to 18% per annum). The fair value of the pledged securities as at 30 June 2021 is approximately HK\$617,737,000 (31 December 2020: HK\$797,944,000).

During the period ended 30 June 2021, allowance for expected credit losses of HK\$503,000 was recognised (for the six months ended 30 June 2020: HK\$1,555,000) in the condensed consolidated statement of profit or loss.

Accounts receivable from clients arising from financing of IPO subscriptions are required to settle their securities trading balances on the allotment date determined under the relevant market practices or exchange rules. As at 30 June 2021, the settlement dates are in the range of 2 to 7 days.

As at 30 June 2021, the Group has concentration risk on its accounts receivable as the balance with the largest client represent 34% (31 December 2020: 41%) of the total accounts receivable from cash clients, margin clients and clients for subscription of new shares in IPO. The Group has no other significant concentration risk.

Accounts receivable arising from the businesses of securities underwriting and advisory services

Ageing of accounts receivable arising from the ordinary course of businesses of securities underwriting and advisory services, based on the due date, is as follows:

	As at 30 June 2021 <i>HK\$'000</i>	As at 31 December 2020 <i>HK\$'000</i>
Neither past due nor impaired	10,680	11,458
31 – 60 days past due	3,985	8,126
61 – 90 days past due	2,000	2,559
Over 90 days past due	2,827	171
	19,492	22,314
Allowance for expected credit losses	–	–
Total	19,492	22,314

The Group applies HKFRS 9 simplified approach to measure the expected credit losses for accounts receivable arising from the business of securities underwriting and advisory services. The management assessed the loss allowance was insignificant. The directors have assessed and considered that there is no recoverability issue.

15 FINANCIAL ASSETS AT AMORTISED COST

	As at 30 June 2021 <i>HK\$'000</i>	As at 31 December 2020 <i>HK\$'000</i>
Listed debt investments	62,130	77,536
Less: Allowance for expected credit losses	(224)	(264)
	61,906	77,272

The above amount is due more than one year and shown under non-current assets.

During the period ended 30 June 2021, allowance for expected credit losses of HK\$13,000 (for the six months ended 30 June 2020: HK\$34,969,000) was recognised in the condensed consolidated statement of profit or loss.

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Listed debt investments, at fair value (<i>Note</i>)	5,086,190	5,173,757
Listed equity instruments, at fair value	3,051,130	1,661,753
	<u>8,137,320</u>	<u>6,835,510</u>

Note: The Group has further recognised expected credit losses amounted to HK\$12,861,000 in the condensed consolidated statement of profit or loss during the period (for the six months ended 30 June 2020: HK\$64,352,000). As at 30 June 2021, allowance for expected credit losses amounted HK\$42,453,000 (31 December 2020: HK\$94,597,000) has been included in fair value reserve (recycling).

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Listed equity investments	208,620	–
Unlisted equity investments	302,769	230,715
Listed debt investments	966,164	241,417
Unlisted investment funds	841,130	700,113
Derivative financial instrument – credit derivative	–	68,563
	<u>2,318,683</u>	<u>1,240,808</u>

The fair values of the listed equity investments and listed debt investments were determined based on the quoted market prices.

As at 31 December 2020, the credit derivative was a non-qualified hedging derivative which comprises a total return swap held by the Group with notional value amounted to approximately HK\$187.3 million. During the period ended 30 June 2021, the credit derivative was unwound.

18 ACCOUNTS PAYABLE

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Accounts payable arising from the ordinary course of business of securities brokerage, futures and options dealing services:		
– Cash clients	133,234	221,936
– Margin clients	18,608	54,537
– Clearing houses	52	82,968
– Brokers	116,195	–
	<u>268,089</u>	<u>359,441</u>

Accounts payable arising from the business of dealing in securities

The accounts payable balances arising from the ordinary course of business of securities brokerage services are normally settled in two trading days after the trade date except for the money held on behalf of clients at the segregated bank accounts which are repayable on demand. No ageing analysis is disclosed as, in the opinion of directors of the Company, an ageing analysis does not give additional value in view of the nature of this business.

19 LOANS FROM AN INTERMEDIATE HOLDING COMPANY

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Loans from an intermediate holding company	<u>4,270,438</u>	<u>4,446,443</u>
The carrying amounts of the above borrowings are repayable:		
Within one year	<u>4,270,438</u>	<u>4,446,443</u>

As at 30 June 2021, the Group had loans amounting to approximately HK\$4,102,445,000 (31 December 2020: HK\$4,344,207,000) from CMBC International Holdings Limited, an intermediate holding company and interest payable amounting to approximately HK\$167,993,000 (31 December 2020: HK\$102,236,000). The loans bear interests at 3.5% per annum (31 December 2020: 4% per annum) and are repayable within one year (31 December 2020: within one year).

20 NOTES PAYABLE

In 2013, the Company issued notes in the aggregate principal amount of HK\$50,000,000 to independent third parties. The notes carry interest at 5% per annum and are to be redeemed on the seventh anniversary from the respective issue dates of the notes. During the year ended 31 December 2020, the note principal of HK\$50,000,000 was fully repaid.

During the period ended 30 June 2021, the Company issued notes in the aggregate principal amount of US\$180,000,000 to independent third parties. The notes carry variable interest at 1% to 1.8% per annum and are to be redeemed within one year.

As at 30 June 2021, the aggregate principal amount of the notes payable was US\$180,000,000 (31 December 2020: Nil).

The movement of the notes payable for the period ended 30 June 2021 and for the year ended 31 December 2020 are set out below:

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
At the beginning of the period/year	–	50,000
Issuance of notes	1,395,867	–
Interest charged	5,189	2,781
Repayment of note principal	–	(50,000)
Interest payable	–	(2,781)
Exchange realignment	2,070	–
	<hr/>	<hr/>
At the end of the period/year	1,403,126	–
	<hr/>	<hr/>
The carrying amounts of the above borrowings are repayable:		
Within one year	1,403,126	–
	<hr/>	<hr/>

21 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Bonds	<u>5,190,368</u>	<u>3,390,747</u>

As at 30 June 2021, the Group entered into repurchase agreements with financial institutions to sell bonds recognised as financial assets at fair value through other comprehensive income and financial assets at amortised cost with aggregate carrying amount of approximately HK\$6,859,456,000 (31 December 2020: approximately HK\$4,535,946,000), which are subject to the simultaneous agreements to repurchase these investments at the agreed dates and prices.

Sales and repurchase agreements are transactions in which the Group sells bonds and simultaneously agrees to repurchase them (or assets that are substantially the same) at the agreed dates and prices. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of those bonds sold. The bonds are not derecognised from the condensed consolidated financial statements but regarded as “collaterals” for the liabilities because the Group retains substantially all the risks and rewards of the bonds.

22 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Payables to interest holder of unlisted consolidated investment fund, designated at FVTPL	345	–
Derivative financial instrument – credit derivative	<u>–</u>	<u>93,922</u>
	<u>345</u>	<u>93,922</u>

As at 30 June 2021, the Company held 60% (31 December 2020: 60%) interest of CMBCC Co-High Medical Investment Fund SP (the “**Medical Fund**”). As the Group has control over the Medical Fund, it is accounted for as a subsidiary. Accordingly, the interests of the non-controlling shareholder are classified as financial liabilities designated as at fair value through profit or loss of approximately HK\$345,000 as at 30 June 2021 (31 December 2020: Nil).

As at 31 December 2020, the credit derivative was a non-qualified hedging derivative which comprises a total return swap held by the Group with notional value amounted to approximately HK\$187.7 million. During the period ended 30 June 2021, the credit derivative was unwound.

23 SHARE CAPITAL

	<i>Note</i>	Number of shares		Amount	
		As at 30 June 2021 <i>'000</i>	As at 31 December 2020 <i>'000</i>	As at 30 June 2021 <i>HK\$'000</i>	As at 31 December 2020 <i>HK\$'000</i>
Authorised:					
Ordinary shares of HK\$0.01 each		100,000,000	100,000,000	1,000,000	1,000,000
Issued and fully paid:					
At the beginning of the period/year		47,627,928	47,679,218	476,279	476,792
Cancellation for shares repurchased	(i)	(74,210)	(51,290)	(742)	(513)
At the end of the period/year		47,553,718	47,627,928	475,537	476,279

Note:

- (i) During the period ended 30 June 2021, the Company repurchased an aggregate of 79,930,000 ordinary shares of the Company on market at prices ranging from HK\$0.095 to HK\$0.129 per share at a total consideration of approximately HK\$8,342,000 (before transaction costs). Of these repurchased shares, 71,030,000 shares were cancelled prior to period ended 30 June 2021. The premium of approximately HK\$7,140,000 paid on the repurchase of shares was debited to share premium account. Subsequent to end of the reporting period, the remaining 8,900,000 repurchased shares were cancelled on 30 July 2021.

During the year ended 31 December 2020, the Company repurchased an aggregate of 52,530,000 ordinary shares of the Company on market at prices ranging from HK\$0.112 to HK\$0.17 per share at a total consideration of approximately HK\$7,012,000 (before transaction costs). Of these repurchased shares, 49,350,000 shares were cancelled prior to year ended 31 December 2020. The premium of approximately HK\$6,393,000 paid on the repurchase of such shares was debited to share premium account. Subsequent to end of the reporting period, the remaining 3,180,000 repurchased shares were cancelled on 29 January 2021.

BUSINESS REVIEW

During the Reporting Period, the Group's profit attributable to the owners of the Company increased to approximately HK\$201.2 million, representing an increase of approximately 21.6% as compared to approximately HK\$165.5 million in the Previous Period. The Group's basic and diluted earnings per share were HK0.42 cents (30 June 2020: HK0.35 cents).

Revenue

The Group's revenue decreased by approximately 8.1% to approximately HK\$461.0 million during the Reporting Period, as compared to approximately HK\$501.6 million in the Previous Period. The decrease was mainly due to the risk appetite adjustment and an increase in the size of highly-rated assets which led to the decrease in the interest income from investment and financing during the Reporting Period. The table below presents the breakdown of segment revenue (including net gains or losses from investment) and segment results during the Reporting Period:

	Segment Revenue and Net Gains or Losses from Investment		Segment Results	
	For the six months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Securities	65,311	33,664	41,936	18,315
Fixed-income direct investment	122,527	267,451	33,409	47,195
Other Investment and Financing	146,853	153,565	90,067	103,494
Asset Management	69,587	62,226	55,420	42,914
Corporate Finance and Advisory	27,797	23,801	14,586	9,850
Others	—	—	(1,610)	(21,600)
Total	<u>432,075</u>	<u>540,707</u>	<u>233,808</u>	<u>200,168</u>

Securities Segment

The Group's securities business mainly includes the provision of brokerage services, securities margin financing and securities underwriting/placing business to clients.

During the Reporting Period, the revenue and profit contributed by the securities segment increased to approximately HK\$65.3 million and HK\$41.9 million, respectively, compared to the revenue and profit of approximately HK\$33.7 million and HK\$18.3 million, respectively in the Previous Period. The increase of the segment revenue and profit was mainly due to the growth of the bond underwriting.

Investment and Financing Segment

In terms of investment, the Group is globally oriented and focuses on the Greater China region. It actively identifies enterprises with prominent core advantages and strong growth ability and profitability in the industries that are on the growth or expansion phase of the cycle, focuses on strategic industries and provides value-added services for enterprises. The Group also aims at high-tech innovative enterprises, medical and healthcare enterprises, and other enterprises that have large growth potential.

With respect to financing, the Group is committed to providing comprehensive financing solutions with different structures and forms according to customer needs, and providing transactional structural design, financing distribution and other services. The specific products include but not limited to asset-secured loans, M&A loans, convertible bond financing, equity pledge financing, and bridge financing.

During the Reporting Period, in the face of the adverse environment brought by the global economic fluctuations to industrial investments, the Group had appraised the situation constantly and made timely and reasonable adjustment to the investment and financing strategy. The Group had adapted to the changes in the market and risk environment. During the Reporting Period, the proprietary investments of the Group achieved rapid premium appreciation and maintained a sustainable and healthy growth momentum.

Fixed-income Direct Investment

During the Reporting Period, revenue and net investment losses from the fixed-income direct investment segment, which included but not limited to coupons from the listed bonds under direct investment, amounted to an aggregate of approximately HK\$122.5 million as compared to approximately HK\$267.5 million in the Previous Period. The segment profit decreased from approximately HK\$47.2 million in the Previous Period to approximately HK\$33.4 million in the Reporting Period. The decrease in segment profit was mainly attributable to risk appetite adjustment and increase in the size of highly-rated assets which led to the decrease in interest income from bond investment as well as the exchange loss incurred during the Reporting Period.

Other Investment and Financing

During the Reporting Period, revenue and net investment gains from the other investment and financing segment, which included but not limited to coupons, dividends and distribution income from listed bonds (other than those under fixed-income direct investment), listed equities, unlisted equity interests, unlisted funds, and unlisted notes, as well as interest income from loans, amounted to an aggregate of approximately HK\$146.9 million as compared to approximately HK\$153.6 million in the Previous Period. The segment profit decreased from approximately HK\$103.5 million in the Previous Period to approximately HK\$90.1 million in the Reporting Period. The decrease in segment profit was mainly attributable to the decrease in interest income from loans and the increase in the segment expenses.

The following table sets out the breakdown of investment and financing:

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Investment		
Listed equities	208,620	–
Unlisted equity interests	302,769	230,715
Listed bonds (measured at FVOCI)	8,137,320	6,835,510
Listed bonds (measured at FVTPL)	966,164	241,417
Listed bonds (measured at amortised cost)	61,906	77,272
Unlisted funds	841,130	700,113
Derivative financial instrument – credit derivative	–	68,563
Total	<u>10,517,909</u>	<u>8,153,590</u>
Financing		
Loans and advances	<u>774,234</u>	<u>1,485,217</u>

As at 30 June 2021, the Group's investment portfolio mainly included but not limited to listed equity, listed bonds, unlisted equity interests and unlisted funds, covering a wide range of sectors such as industry, pharmaceuticals, technology, consumer goods, real estate and finance.

As at 30 June 2021, the assets of the proprietary investment of the Group amounted to approximately HK\$10.5 billion (31 December 2020: approximately HK\$8.2 billion), including bonds investment of approximately HK\$9.2 billion (31 December 2020: approximately HK\$7.2 billion). During the Reporting Period, the Group's total investment portfolio increased by approximately HK\$2.3 billion, which was mainly due to the net purchase of listed bonds and listed equity. The future performance of such a portfolio will depend on many factors, including uncertainties of the financial markets, the economic development trend in both Hong Kong and Mainland China and the investors' sentiment.

During the Reporting Period, the Group's investment portfolio generated an income of approximately HK\$244.4 million (Previous Period: HK\$288.0 million) in total, including interest income of approximately HK\$150.9 million (Previous Period: HK\$238.0 million) from debt securities investments, interest income of approximately HK\$17.1 million (Previous Period: HK\$8.1 million) from FVTPL investments and dividend income and other investment income of approximately HK\$76.3 million (Previous Period: HK\$41.9 million).

For investments classified as financial assets measured at FVOCI and FVTPL, the Group recorded a net loss during the Reporting Period which mainly comprised: (i) net loss recognized in the condensed consolidated statement of profit or loss and other comprehensive income, and (ii) net gain not recycled through profit or loss upon disposal of financial assets measured at FVOCI.

The Group maintains a consistent robust principle for its proprietary bond investment, and adopts a revenue-based (including charging fixed contractual interest and receiving gains on disposal) trading strategy. Adopting a top-down/bottom-up approach in its investment analysis, the Group is committed to identifying investment opportunities with sustainable and high-level revenue within limited volatility. The Group adopts prudent risk management strategy and makes a reasonable risk estimate for its investments in order to strike a balance between risk management and revenue generation. At the same time, the Group adheres to the principle of diversified investment and has established explicit guidelines which stipulate that the position in any single bond shall not account for more than 5% of the overall position, and the portfolio shall be diversified by investing in various issuers in a wide range of sectors, thereby avoiding the risk of adjustment in any particular industry.

The unlisted direct investment business of the Group, including equity interests and funds, mainly focuses on high-tech innovative enterprises and medical and healthcare enterprises that have large growth potential. The unlisted direct investment projects the Group held achieved rapid premium appreciation and maintained a sustainable and healthy growth momentum during the Reporting Period.

The loan business of the Group focuses on short-to-mid term financing so as to maintain the liquidity of the Group's assets. During the Reporting Period, loans were granted to market players in various industries, such as finance, technology, healthcare, sports, education and real estate, which diversified the risk of the loan portfolio. The Group implements pre-, peri- and post-investment management and put in place practicable and effective risk control measures. Each client and each project are subject to rigorous risk reviews and the Group's overall credit and operation risk are controllable. The Group constantly monitors concentration, maturity profile and risk to revenue ratio of the asset portfolio to strike a balance between the overall risk and revenue generation.

Asset Management Segment

The Group's asset management represents the provision of asset management services to clients. The Group's asset management segment recorded revenue of approximately HK\$69.6 million during the Reporting Period as compared to approximately HK\$62.2 million in the Previous Period and segment profit of approximately HK\$55.4 million during the Reporting Period as compared to approximately HK\$42.9 million in the Previous Period. The segment revenue and profit increased due to the increase in the asset management portfolio.

Corporate Finance and Advisory Segment

During the Reporting Period, the Group's revenue of approximately HK\$27.8 million and profit of approximately HK\$14.6 million were recorded for the corporate finance and advisory segment, as compared to revenue of approximately HK\$23.8 million and profit of approximately HK\$9.9 million in the Previous Period. The segment revenue and profit increased due to the increase in the number of sponsor projects as compared to the Previous Period.

Administrative Expenses and Finance Costs

Administrative expenses and finance costs for the Reporting Period amounted to approximately HK\$170.2 million in aggregate as compared to approximately HK\$236.5 million in the Previous Period. The analysis is set out below:

	For the 6 months ended	
	30 June 2021	30 June 2020
	HK\$'000	HK\$'000
Staff costs	38,552	33,553
Depreciation and amortisation	13,875	13,856
Other administrative expenses	25,852	25,942
Finance costs	91,879	163,167
	<hr/>	<hr/>
Total	170,158	236,518
	<hr/>	<hr/>

The increase in staff costs was mainly due to the increase in the number of staff.

The decrease in finance costs was mainly due to the decrease in loan interest rate.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2021 (Previous Period: Nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Capital Structure

As at 30 June 2021, the total number of the issued share capital with the par value of HK\$0.01 each was 47,553,717,729 (31 December 2020: 47,627,927,729) and the total equity attributable to the shareholders of the Company (“**Shareholders**”) was approximately HK\$2,738.4 million (31 December 2020: HK\$2,600.0 million).

During the Reporting Period, the Company repurchased an aggregate of 79,930,000 shares of the Company (“**Shares**”). Of these repurchased shares, 71,030,000 shares were cancelled during the Reporting Period, and the remaining 8,900,000 repurchased shares were cancelled on 30 July 2021.

During the Reporting Period, no Shares have been purchased or granted to the selected persons of the Group under the share award scheme or no share options have been granted under the share option scheme.

Liquidity and Financial Resources

The Group primarily financed its operations with internally-generated cash flows, borrowings and Shareholder’s equity.

As at 30 June 2021, the Group had current assets of approximately HK\$14,242.2 million (31 December 2020: HK\$10,955.1 million) and liquid assets comprising cash (excluding cash held on behalf of clients), investment in listed equity securities and listed debt investments (other than those measured at amortised cost) totaling approximately HK\$10,253.2 million (31 December 2020: HK\$7,455.1 million). The Group’s current ratio, calculated based on current assets of approximately HK\$14,242.2 million (31 December 2020: HK\$10,955.1 million) over current liabilities of approximately HK\$11,642.0 million (31 December 2020: HK\$8,427.8 million), was approximately 1.2 on 30 June 2021 (31 December 2020: 1.3).

The Group’s finance costs for the Reporting Period mainly represented the interest on notes payable of approximately HK\$5.2 million (Previous Period: HK\$1.5 million), interest on loans from an intermediate holding company of approximately HK\$65.6 million (Previous Period: HK\$119.0 million), interest on financial assets sold under repurchase agreements of approximately HK\$18.4 million (Previous Period: HK\$40.0 million) and interest on lease liabilities of approximately HK\$2.2 million (Previous Period: HK\$2.7 million).

As at 30 June 2021, the Group's indebtedness comprised loans from an intermediate holding company, notes payable and financial assets sold under repurchase agreements of approximately HK\$10,690.7 million (31 December 2020: HK\$7,735.0 million). The loans principal from an intermediate holding company of approximately HK\$4,102.4 million (31 December 2020: HK\$4,344.2 million) were denominated in Hong Kong dollars and United States dollars and borne interests at 3.5% per annum (2020: 4% per annum) and were repayable within one year. The notes payable in the aggregate principal amount of US\$180.0 million (31 December 2020: Nil) were denominated in the United States dollars, due one year from the respective issue dates of the notes, and borne interest at 1% to 1.8% per annum.

The Group's gearing ratio, calculated on the basis of total indebtedness divided by the sum of total indebtedness and equity attributable to the Company's owners, was approximately 79.6% (31 December 2020: 74.8%).

With the amount of liquid assets on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

PLEDGE OF ASSETS

Except as otherwise disclosed, as at 30 June 2021, the Group had no other pledge or charge on assets (31 December 2020: Nil).

CONTINGENT LIABILITY

As at 30 June 2021, the Group had no significant contingent liability (31 December 2020: Nil).

CAPITAL COMMITMENT

As at 30 June 2021, the Group had no significant capital commitment (31 December 2020: Nil).

SIGNIFICANT INVESTMENTS HELD

For the Reporting Period, the Group did not hold any single significant investment which accounted for over 5% of the total assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

For the Reporting Period, the Group had no material acquisitions or disposals of subsidiaries and associates.

FOREIGN CURRENCY RISK MANAGEMENT

The Group's revenue is mainly denominated in United States dollars and Hong Kong dollars while its expenditure is mainly denominated in Hong Kong dollars. The Group's foreign exchange exposure is mainly from the translation of assets and liabilities denominated in United States dollars. As Hong Kong dollars are pegged to United States dollars, the Directors believe that the Group's foreign exchange exposure is manageable and the Group will closely monitor this risk exposure from time to time.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2021, the Group had 85 (30 June 2020: about 69) employees including the Directors. For the Reporting Period, the total staff costs, including the Directors' remuneration, was approximately HK\$38.6 million (Previous Period: HK\$33.6 million). Remuneration packages for the employees and the Directors are structured by reference to market terms, individual competence, performance and experience. Benefits plans maintained by the Group include the mandatory provident fund scheme, subsidized training program, share option scheme, share award scheme and discretionary bonuses.

PROSPECTS AND DEVELOPMENT STRATEGIES

Prospects

With the improvement in global economic conditions and the slowdown of the local COVID-19 pandemic, Hong Kong's economy is on the road to recovery, with the real local Gross Domestic Product (GDP) recording a solid year-on-year growth of approximately 7.8% in the first half of 2021 as a whole. Looking ahead, it is believed that the recovery of the global economy, the stabilization of the local COVID-19 pandemic and the launch of the consumer voucher scheme will help stimulate local consumption, and in the short term will continue to contribute to the economic improvement of Hong Kong. However, the recent spread of the more contagious COVID-19 new variants in many countries has added further uncertainties to the global economic outlook for the rest of 2021. Other risk factors, such as Sino-US relations, geopolitical tensions, and changes in the monetary policy by the major central banks, will also impact the future of the local economy.

Although the Group is optimistic about the long-term sustainable economic growth in Hong Kong and Mainland China, and that the Group has committed itself to further developing its business, it should continue to act cautiously and keep an eye on the possible risks in the second half of the year. For these reasons, the Group will adopt the following development strategies.

Development Strategies

The Company is globally oriented with the focus on Asia, and aims to build a leading comprehensive international investment banking platform focusing on investment banking and asset management and serving China Minsheng Banking Corp. Ltd. (being an indirect controlling shareholders of the Company) and its clientele. Specifically, the Group will adopt the following measures, inter alia:

- (1) actively promoting the development of listing sponsor and stock underwriting businesses, strengthening the business synergy and the channel for acquiring new clients, optimising the business synergy system mechanism, assisting targeted clients in gaining access to the Hong Kong investment banking business, expanding business resources and exploring potential project cooperation opportunities;
- (2) further strengthening the high-quality bond business, increasing cooperation with leading financial institutions, the domestic branches and business units, developing new client resources, further enhancing the bond sales capacity and gradually building a professional sales team;
- (3) with the three core orientations of creating an efficient sales model, accurate product development and providing quality services, the Group will seize the magnificent development opportunities of the integration of the Greater Bay Area to build a comprehensive and diversified asset management platform;
- (4) developing market-making business with the focus on high-quality urban investment bonds, financial bonds and real estate bonds;
- (5) building an offshore wealth management center, overseas service center and product center to provide customized offshore investment and wealth management service solutions for high-net-worth individuals and wealth management clients; and
- (6) to continuously strengthen and improve risk management and internal control, the Group will select projects carefully, monitor the status regularly, assess the risks frequently, promptly respond to any environmental change and improve its internal control procedures.

In addition, the Group will continue to adhere to the upgraded basic strategy of “one body and two wings” with “one body” optimized, which is to further optimize the investment and financing business products and client structure; and “two wings” emphasized, which is to fully commit to improving the revenue and market position of investment banking and asset management businesses. Further, the Group focuses on both business development and compliance risk control, advocating the improvement of the three abilities of all staff, namely, compliance and risk control ability, marketing and communication ability and investment and trading ability, while emphasizing the adherence to the principle of “three bottom lines”, namely, legality and compliance bottom line, risk control bottom line and company interest bottom line, in order to comprehensively improve the sustainability and market image of the Company.

RISK MANAGEMENT CAPABILITIES

The Board recognises risk management as one of the key elements to the success of the Company and endeavours to improve risk management system to align with its business development strategically. The Group takes a pragmatic approach to manage different risks including credit risks, market risks, operation risks, legal and compliance risk, reputation, liquidity, IT and country risks. As at the date of this announcement, the Group has improved various risk management policies and procedures covering different business sectors. The Group has also established a centralised internal control and compliance management system to effectively monitor the Group’s operation and dealings. The Group will continue to enhance the risk management practices and the internal control system and to adopt a stringent governance framework with reference to the best practices in the market.

CORPORATE GOVERNANCE

The Company has complied with all the applicable provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules throughout the Reporting Period except for the following deviation with reasons as explained:

Appointment of Directors

Code Provision A.4.1

Under the code provision A.4.1, non-executive directors should be appointed for a specific term and subject to re-election.

Deviation

All the non-executive Directors were not appointed for a specific term. Notwithstanding such deviation, all Directors are subject to the retirement by rotation according to the provisions of the bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. In response to specific enquiry made by the Company, all Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the Reporting Period.

AUDIT COMMITTEE

The condensed consolidated financial statements of the Company for the Reporting Period have been reviewed by the audit committee of the Company and the Company's independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants. The independent auditor, on the basis of their review, concluded that nothing has come to their attention that causes them to believe that the condensed consolidated financial statements are not prepared, in all material aspects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Board considers that the redemption of Shares could increase the net asset value and/or earnings per share, so the Company repurchased a total of 79,930,000 Shares on The Stock Exchange of Hong Kong Limited, with the total consideration of approximately HK\$8.4 million for the six months ended 30 June 2021. As at the date of this announcement, all repurchased Shares have been cancelled.

Details of redemption are as follows:

Month of redemption	Total shares redeemed	Highest price paid per share (HK\$)	Lowest price paid per share (HK\$)	Total consideration paid (HK\$'000)
January 2021	8,540,000	0.129	0.112	1,011
February 2021	16,160,000	0.116	0.108	1,787
March 2021	940,000	0.107	0.107	101
April 2021	9,730,000	0.108	0.103	1,034
May 2021	18,130,000	0.104	0.099	1,841
June 2021	26,430,000	0.101	0.095	2,586
Total	<u>79,930,000</u>	<u>–</u>	<u>–</u>	<u>8,360</u>

Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, no major subsequent events affecting the Group had occurred since the end of the Reporting Period and up to the date of this announcement.

FURTHER INFORMATION ON THE ANNUAL REPORT OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2020 ("ANNUAL REPORT 2020")

(1) Connected transactions

All related party transactions referred to in Note 41(a) to the Annual Report 2020 constitute connected transactions or continuing connected transactions defined in Chapter 14A of the Listing Rules ("**Chapter 14A**"). The Company has complied with the provisions of Chapter 14A for the year ended 31 December 2020.

(2) Retirement benefits schemes

For the year ended 31 December 2020, no forfeited contributions were available for utilization by the Company to reduce the existing level of contributions.

By order of the Board
CMBC Capital Holdings Limited
Li Jinze
Chairman

Hong Kong, 30 August 2021

As at the date of this announcement, the executive Directors are Mr. Li Jinze, Mr. Ding Zhisuo and Mr. Ng Hoi Kam; the non-executive Directors are Mr. Yang Kunpeng and Mr. Li Wenshi; and the independent non-executive Directors are Mr. Lee, Cheuk Yin Dannis, Mr. Wu Bin and Mr. Wang Lihua.