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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)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2022

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 unaudited consolidated results of the Group for the six months ended June 30, 2022 (the “**Reporting Period**”). These interim results are unaudited, but have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

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

FINANCIAL HIGHLIGHTS

The following table summarizes our consolidated results of operations for the periods indicated. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the condensed consolidated financial statements in this announcement, including the related notes. Our financial information was prepared in accordance with International Financial Reporting Standards (“IFRS”).

Summary of Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the six months ended	
	June 30,	
	2022	2021
	RMB'000	RMB'000
Total revenue	603,705	1,047,963
Total revenue and net investment gains or losses	512,287	2,458,321
Total operating expenses	(585,623)	(1,053,362)
Operating (loss) profit	(73,336)	1,404,959
(Loss) Profit before tax	(113,959)	1,432,349
Income tax expenses	(84,079)	(155,722)
(Loss) Profit for the period	(198,038)	1,276,627
(Loss) Profit for the period attributable to owners of the Company	(153,735)	1,228,474

To supplement our financial information presented in accordance with 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.

	For the six months ended	
	June 30,	
	2022	2021
	RMB'000	RMB'000
(Loss) Profit for the period attributable to owners of the Company	(153,735)	1,228,474
Add:		
Share-based payment expenses	70,923	30,140
Change in fair value of call option	(1,490)	7,570
Subtotal before adjustments relating to carried interest	(84,302)	1,266,184
Add:		
(Reversal) provision of unrealized net carried interest ⁽¹⁾	(86,732)	285,993
Non-IFRS Measure: Adjusted net (loss) profit attributable to owners of the Company (unaudited)⁽²⁾	(171,034)	1,552,177

Notes:

- (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.

	For the six months ended	
	June 30,	
	2022	2021
	RMB'000	RMB'000
(Reversal) provision of unrealized income from carried interest	(309,103)	1,198,249
Reversal (provision) of carried interest to management team and other parties	222,371	(912,256)
(Reversal) provision of unrealized net carried interest	(86,732)	285,993

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 of June 30, 2022, accumulated unrealized income from carried interest and unrealized net carried interest were RMB4.2 billion and RMB1.2 billion, respectively. 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 (loss) profit attributable to owners of the Company as profit or loss for the period attributable to owners of the Company adjusted for the impact of (i) share-based payment expenses, (ii) change in fair value of call option, (iii) (reversal) provision of unrealized income from carried interest, and (iv) reversal (provision) of carried interest to management team and other parties.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The market condition was extremely challenging in the first half of 2022. Following the continuous adjustment of the capital market in 2021, the IPO market in Hong Kong and the US, as well as secondary markets underwent one of the toughest periods in the past decade. In the first half of 2022, only 15 IPOs of new economy companies were issued in Hong Kong, with a total issue size of lower than HKD14 billion, representing a decrease of 93% comparing to the corresponding period of last year. In the US, there were only 3 new economy China Concepts Stocks newly listed. Hang Seng Technology Index and KraneShares CSI China Internet ETF further dropped by approximately 20% in the first half of 2022 after the sharp decline of nearly 70% from their highs in 2021. The amount of private placement transactions was halved comparing to the corresponding period of last year, and the average deal size fell to its lowest since 2017. As a result, private placement, IPO underwriting in Hong Kong and US, as well as the investment portfolio valuation of the investment management business of China Renaissance were under notable pressure.

Despite the ongoing market downturns, the Group effectively controlled downside risks from the valuation corrections, demonstrating outstanding risk control. The assets under management (“AUM”) of investment management business amounted to RMB48.6 billion as at the end of the period, relatively stable compared with the end of last year. The funds managed by China Renaissance achieved for our Group’s investments significantly higher returns than relevant market index performance in the years when markets were rallying, whilst also managed to deliver more subdued declines in the years when markets were dropping. The superior returns resulted from China Renaissance’s ability in capturing new economy champions, and better-protected downside was mainly attributable to effective risk control and post-investment management. Although the investment gains during the Reporting Period were less than ideal due to the market factors, market risks have been substantially mitigated and further downside in investment portfolio valuation in the future would be limited.

In spite of the severe conditions in the fund-raising environment, the fee-earning AUM under the investment management business of the Group further increased to RMB27.3 billion during the Reporting Period, mainly supported by the new funds raised from USD Fund IV and RMB Fund IV. The Group also developed more diversified products and strategies, such as private credit funds and Fund of Hedge Funds (FoHF), in order to capture the investment opportunities in the market in a more flexible way, and provide more comprehensive solutions to new-economy enterprises, thus building an asset portfolio that can weather business cycles and protect against risks. During the Reporting Period, the Group further improved the distributed-to-paid-in capital (“DPI”) ratio through agile exits from projects, which also accelerated the realization of carried interests in our financial statements. As at the end of the Reporting Period, the accumulated unrealized net carried interests amounted to RMB1.2 billion, approximately half of which were contributed from the funds raised in 2013 to 2015. It is expected that the net carried interest recognized in our financial statements will bring a more significant contribution to our net profit from the second half of 2022 onwards.

In the first half of 2022, the IPO markets in Hong Kong and US was stagnant and the market activity level dropped to the bottom as compared to the past five years. During the Reporting Period, China Renaissance completed two IPO projects (Huitongda and AInnovation) as the lead underwriter, and ranked fourth in Hong Kong market by underwriting amount. In respect of private placement business, China Renaissance continued to maintain top market position. In addition to retaining leading market shares across healthcare, enterprise service and consumer sectors, we also achieved new breakthroughs in core technology, new energy and advanced manufacturing sectors, completing a more comprehensive layout in essential fields of the new economy.

China Renaissance Securities (China) Co., Ltd (“**CR Securities**”) in terms of investment banking business completed one Science and Technology Innovation Board IPO, obtained approvals for two IPOs, filed application for one IPO and established six new projects during the first half of the year. Affected by the pandemic and other external factors, the realization of revenue from the investment banking business was slower than expected. In the second half of the year, CR Securities will strive to accelerate the implementation and progress of key projects. In 2022, we continued to invest in the advancement of innovative brokerage business and the trial operation of APP yielded satisfactory results. In the first half of the year, revenues from principal investments and the Science and Technology Innovation Board projects’ co-investments decreased due to the fluctuations of the A share market. We adjusted our business strategy in time and maintained stable operations across businesses. In addition, CR Securities has optimized its shareholder structure recently and introduced new strategic investors.

In the first half of 2022, our wealth management business continued its healthy growth. As at the end of the Reporting Period, although the total AUM of wealth management business decreased to RMB6.2 billion due to the market downturn, the AUM from alternative assets, a specialty of China Renaissance Group, further increased to RMB3.4 billion during the Reporting Period. As a result, the overall fee rate also recorded an increase. Our wealth management business continues to gain traction amongst new economy clients, becoming a preferred platform for alternative investments with a nod to China Renaissance’s forte. It is well positioned to attain synergies with the Group’s investment banking and investment management businesses, complementing our business model with a third engine for long-term growth.

The Group’s balance sheet remained solid with RMB5.1 billion in cash position, and a consistently low leverage ratio, which afforded the Group resilient solutions against external environments during the year and in the future. In order to foster business development and further enhance ROE, the Group identified and attained suitable financing channels, and further strengthened its financing capability. Following the completion of a US\$300 million offshore syndicated loan in 2021, the Group also saw successful registration of RMB800 million bonds with the National Association of Financial Market Institutional Investors in the first half of 2022.

BUSINESS OUTLOOK

Although the external environment remains turbulent in 2022, there are many opportunities where uncertainties lie. China Renaissance will actively develop its investment management business and continue to increase fee-earning AUM. China Renaissance continues to seek active exits in selective portfolio investments at suitable times, and accelerated realization of carried interests for the full year.

It is particularly during turbulent times that clients need more guidance from their trusted advisor, and we shall fulfill our role as a champion for our clients. China Renaissance will further strengthen its relationship with customers, continues to pivot towards new growth sectors, such as core technology, new energy and advanced manufacturing, and seize such arising opportunities.

In addition, the Group will make unfaltering efforts to optimize its operation and cost structure. It will continue to closely monitor market risks and exposures, utilizing its solid balance sheet to offer strong support against future uncertainties in the market.

Although the road ahead is long and fraught with challenges, by persevering ahead we will reach our goals. With our operating results bottomed out in the first half of 2022, we believe that the Group will be better positioned to take its business to the next level with better preparation, greater capability and higher confidence when market opportunities arise.

Segment Performance

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

	For the six months ended			
	June 30,		Change	% of change
	2022	2021		
	RMB'000	RMB'000	RMB'000	
Business Segment				
Investment Banking	232,611	741,965	(509,354)	-68.6%
Investment Management	188,086	1,320,642	(1,132,556)	-85.8%
CR Securities	37,749	352,275	(314,526)	-89.3%
Others	53,841	43,439	10,402	23.9%
	<u>512,287</u>	<u>2,458,321</u>	<u>(1,946,034)</u>	<u>-79.2%</u>
Total revenue and net investment gains or losses	<u>512,287</u>	<u>2,458,321</u>	<u>(1,946,034)</u>	<u>-79.2%</u>

The following table sets forth a breakdown of operating (loss) profit by reporting segment for the periods indicated.

	For the six months ended			
	June 30,		Change	% of change
	2022	2021		
	RMB'000	RMB'000	RMB'000	
Business Segment				
Investment Banking	(1,683)	284,432	(286,115)	n.m.
Investment Management	75,398	994,838	(919,440)	-92.4%
CR Securities	(107,889)	162,278	(270,167)	n.m.
Others	(39,162)	(36,589)	(2,573)	7.0%
	<u>(73,336)</u>	<u>1,404,959</u>	<u>(1,478,295)</u>	<u>n.m.</u>
Operating (loss) profit	<u>(73,336)</u>	<u>1,404,959</u>	<u>(1,478,295)</u>	<u>n.m.</u>

Investment Banking

The following table sets forth segment revenue, segment operating expenses, segment operating (loss) profit, and segment operating margin for the periods indicated.

	For the six months ended			
	June 30,		Change	% of change
	2022	2021		
	RMB'000	RMB'000	RMB'000	
Investment Banking				
Advisory services	148,389	293,906	(145,517)	-49.5%
Equity underwriting	15,563	321,937	(306,374)	-95.2%
Sales, trading, and brokerage	67,298	114,802	(47,504)	-41.4%
Interest income	—	1,590	(1,590)	-100.0%
	<u>231,250</u>	<u>732,235</u>	<u>(500,985)</u>	<u>-68.4%</u>
Segment revenue				
Net investment gains	1,361	9,730	(8,369)	-86.0%
Segment revenue and net investment gains	<u>232,611</u>	<u>741,965</u>	<u>(509,354)</u>	<u>-68.6%</u>
Compensation and benefit expenses	(176,406)	(375,756)	199,350	-53.1%
Impairment loss under expected credit loss model, net of reversal	—	(5,991)	5,991	-100.0%
Other operating expenses	(57,888)	(75,786)	17,898	-23.6%
	<u>(234,294)</u>	<u>(457,533)</u>	<u>223,239</u>	<u>-48.8%</u>
Segment operating expenses				
Segment operating (loss) profit	<u>(1,683)</u>	<u>284,432</u>	<u>(286,115)</u>	<u>n.m.</u>
Segment operating margin	<u>-0.7%</u>	<u>38.3%</u>		

The following table sets forth a breakdown of the transaction value of the investment banking business by major service type for the periods indicated.

	For the six months ended June 30,			
	2022	2021	Change	% of change
	RMB in million	RMB in million	RMB in million	
Transaction Value				
Advisory services	14,408	32,866	(18,458)	-56.2%
Equity underwriting	2,839	168,246	(165,407)	-98.3%
	<u>17,247</u>	<u>201,112</u>	<u>(183,865)</u>	<u>-91.4%</u>
Total				

Segment Revenue and Net Investment Gains

Investment banking revenue and net investment gains were RMB232.6 million for the six months ended June 30, 2022, a decrease of 68.6% from RMB742.0 million for the six months ended June 30, 2021. This decrease was mainly attributable to the market volume of Initial Public Offerings for new economy businesses in Hong Kong and the United States for the first half year of 2022 shrank significantly comparing to the corresponding period in 2021, resulting in lower underwriting income to the Group.

Interest income and net investment gains mainly come from the structured finance related products. Structured financing is dedicated to exploring and developing non-equity financing services to new economy firms.

Segment Operating Expenses

For the investment banking segment, segment operating expenses decreased by 48.8% from RMB457.5 million for the six months ended June 30, 2021 to RMB234.3 million for the six months ended June 30, 2022, which was primarily attributed to the decrease in compensation and benefit expenses from RMB375.8 million for the six months ended June 30, 2021 to RMB176.4 million for the six months ended June 30, 2022.

Segment Operating (Loss) Profit

For the investment banking segment, segment operating loss was RMB1.7 million for the six months ended June 30, 2022, as compared to RMB284.4 million of segment operating profit for the six months ended June 30, 2021. Segment operating margin was -0.7% and 38.3% for the six months ended June 30, 2022 and 2021, respectively.

Investment Management

The following table sets forth segment revenue, segment operating expenses, segment operating profit, segment operating margin, and adjusted segment operating (loss) profit for the periods indicated.

	For the six months ended			
	June 30,			
	2022	2021	Change	% of change
	RMB'000	RMB'000	RMB'000	
Investment Management				
Management fees	251,002	194,860	56,142	28.8%
Realized income from carried interest	32,752	4,124	28,628	694.2%
Interest income	6,332	—	6,332	n.m.
	<u>290,086</u>	<u>198,984</u>	<u>91,102</u>	<u>45.8%</u>
Segment revenue				
Net investment (losses) gains	(102,000)	1,121,658	(1,223,658)	n.m.
Segment revenue and net investment gains or losses	<u>188,086</u>	<u>1,320,642</u>	<u>(1,132,556)</u>	<u>-85.8%</u>
Compensation and benefit expenses	(54,588)	(196,606)	142,018	-72.2%
Finance costs	(9,181)	(32,564)	23,383	-71.8%
Carried interest to management team and other parties	(18,335)	(2,846)	(15,489)	544.2%
Investment losses (gains) attributable to interest holders of consolidated structured entities	21,263	(45,651)	66,914	n.m.
Impairment loss under expected credit loss model, net of reversal	(7,179)	(324)	(6,855)	2,115.7%
Other operating expenses	(44,668)	(47,813)	3,145	-6.6%
	<u>(112,688)</u>	<u>(325,804)</u>	<u>213,116</u>	<u>-65.4%</u>
Segment operating expenses				
Segment operating profit	<u>75,398</u>	<u>994,838</u>	<u>(919,440)</u>	<u>-92.4%</u>
Segment operating margin	<u>40.1%</u>	<u>75.3%</u>		

The following table sets forth a movement of investments in our own private equity funds and investments in third-party private equity funds for the period indicated.

	Investments in our own funds <i>RMB'000</i>	Investments in third-party funds <i>RMB'000</i>
Balance at December 31, 2021	3,271,627	1,104,043
Invested Capital	205,753	18,417
Distribution	(1,899,557)	(72,237)
Change in value	(25,164)	(81,360)
Effect of exchange rate change	48,123	46,238
Balance at June 30, 2022	1,600,782	1,015,101

As of June 30, 2022, the internal rate of return of investments in our own private equity funds and investments in third-party private equity funds was 28.1% and 25.5%, respectively.

The following table sets forth certain operational information for the investment management segment as of the dates indicated.

	As of June 30, 2022 <i>RMB in million</i>	As of December 31, 2021 <i>RMB in million</i>
Committed Capital	35,972	32,723
Invested Capital	29,716	27,897
Fair Value of Investments	58,058	58,155
Fee-earning AUM	27,293	23,761
AUM	48,569	48,850

The management fees for each of our main funds are calculated on a percentage ranging from 1.5% to 2.0% of capital commitments during investment period or cost of undisposed investments after investment period. For our project funds, the percentage may vary from 0% to 2%. The income from carried interest from each of our funds is determined only after the fund has achieved its applicable contractual hurdle rate and is based on a percentage of difference of fair value of investments net of expenses over invested capital, which is typically 20% for our main funds and ranges from 0% to 20% for our project funds. The hurdle rate of our funds is typically 8% per annum. Our main funds generally have investment periods of five years. The term of our main funds generally last for 7 to 12 years, subject to a limited number of extensions with the consent of the limited partners.

The following table sets forth certain performance information for our private equity funds as of the dates indicated.

<i>RMB in million except multiples and percentages</i>	Committed Capital	Realized Investments ⁽¹⁾		Unrealized Investments		Gross Multiple of Invested Capital ⁽²⁾
		Invested capital	Fair Value	Invested capital	Fair Value	
As of June 30, 2022						
Main Funds ⁽³⁾	28,964	3,980	11,455	18,639	33,730	2.0
Project Funds	7,008	2,169	5,350	4,928	7,523	1.8
Total	35,972	6,149	16,805	23,567	41,253	2.0
As of December 31, 2021						
Main Funds ⁽³⁾	25,767	3,038	9,807	18,193	34,919	2.1
Project Funds	6,956	1,607	4,363	5,059	9,066	2.0
Total	32,723	4,645	14,170	23,252	43,985	2.1

- (1) An investment is considered fully or partially realized when it has been disposed of or has otherwise generated disposition proceeds or current income.
- (2) The gross multiples of invested capital measure the aggregate value generated by private equity fund's investments in absolute terms. Each gross multiple of invested capital is calculated by dividing the sum of total realized and unrealized values of a private equity fund's investments by the total amount of capital invested by the private equity fund. Such total amount of capital invested by the private equity fund does not give effect to the allocation of realized and unrealized carried interest or the payment of any applicable management fees or operating expenses.
- (3) As of December 31, 2021, we managed ten main private equity funds, including seven under our Huaxing Growth Capital and three under our Huaxing Healthcare Capital. As of June 30, 2022, we managed eleven main private equity funds, including eight under our Huaxing Growth Capital and three under our Huaxing Healthcare Capital.

Segment Revenue and Net Investment Gains or Losses

For the investment management segment, management fees increased by 28.8% from RMB194.9 million for the six months ended June 30, 2021 to RMB251.0 million for the six months ended June 30, 2022. This increase was primarily in connection with the increased capital commitment after first closing of Huaxing Growth Capital USD Fund IV in September, 2021 and Huaxing Growth Capital RMB Fund IV in April, 2022. The committed capital increased 28.1% from RMB28.1 billion as of June 30, 2021 to RMB36.0 billion as of June 30, 2022. Net investment gains from the investment management business mainly represents the investment income from the investments in our own private equity funds and third-party private equity funds. Net investment losses were RMB102.0 million for the six months ended June 30, 2022, as compared to RMB1,121.7 million of net investment gains for the six months ended June 30, 2021, caused by extreme volatilities in secondary markets in the first half year of 2022.

During the six months ended June 30, 2022, the total return of two main funds and two project funds successfully exceeded the agreed return level in the governing agreement, and it is highly improbable that a significant reversal in the amount of cumulative return will occur. Accordingly, the Group was entitled to a performance-based fee and recognized this fee as income from carried interest. The carried interest to management team and other parties was recognized as an operating expense. The realized income from carried interest increased significantly from RMB4.1 million for the six months ended June 30, 2021 to RMB32.8 million for the six months ended June 30, 2022.

Segment Operating Expenses

For the investment management segment, segment operating expenses decreased by 65.4% from RMB325.8 million for the six months ended June 30, 2021 to RMB112.7 million for the six months ended June 30, 2022. This decrease was primarily due to the (i) decrease in compensation and benefit expenses, (ii) decrease in finance cost related to bank facilities, and (iii) investment losses attributable to interest holders of consolidated structured entities.

Segment Operating Profit

For the investment management segment, segment operating profit decreased by 92.4% from RMB994.8 million for the six months ended June 30, 2021 to RMB75.4 million for the six months ended June 30, 2022. Segment operating margin was 40.1% and 75.3% for the six months ended June 30, 2022 and 2021, respectively.

CR Securities

The following table sets forth segment revenue, segment operating expenses, and segment operating (loss) profit for the periods indicated.

	For the six months ended			
	June 30,		Change	% of change
	2022	2021		
	RMB'000	RMB'000	RMB'000	
CR Securities				
Transaction and advisory fees	49,681	64,260	(14,579)	-22.7%
Interest income	10,052	15,148	(5,096)	-33.6%
Segment revenue	59,733	79,408	(19,675)	-24.8%
Net investment (losses) gains	(21,984)	272,867	(294,851)	n.m.
Segment revenue and net investment gains or losses	37,749	352,275	(314,526)	-89.3%
Compensation and benefit expenses	(103,993)	(137,031)	33,038	-24.1%
Investment gains attributable to interest holders of consolidated structured entities	(122)	(6,884)	6,762	-98.2%
Impairment loss under expected credit loss model, net of reversal	20	(133)	153	n.m.
Finance cost	(11,623)	(14,825)	3,202	-21.6%
Other operating expenses	(29,920)	(31,124)	1,204	-3.9%
Segment operating expenses	(145,638)	(189,997)	44,359	-23.3%
Segment operating (loss) profit	(107,889)	162,278	(270,167)	n.m.

Segment Revenue and Net Investment Gains or Losses

For the CR Securities segment, segment revenue and net investment gains were RMB37.7 million for the six months ended June 30, 2022, a decrease of 89.3% from RMB352.3 million for the six months ended June 30, 2021. This decrease was primarily due to decrease in investment income from principal investment and co-investments in previously underwritten IPO projects on Science and Technology Innovation Board, affected by A share volatilities.

Segment Operating Expenses

For the CR Securities segment, segment operating expenses decreased by 23.3% from RMB190.0 million for the six months ended June 30, 2021 to RMB145.6 million for the six months ended June 30, 2022. This decrease was primarily due to the decrease in compensation and benefit expense, finance cost and investment gains attributable to interest holders of consolidated structured entities.

Segment Operating (Loss) Profit

For the CR Securities segment, segment operating loss was RMB107.9 million for the six months ended June 30, 2022, as compared to RMB162.3 million of segment operating profit for the six months ended June 30, 2021.

Others

The others segment mainly comprises wealth management business, and investment and management of our own funds. Wealth management business provides value-added wealth management services for high net worth individuals and other high net worth groups represented by new-economy entrepreneurs.

The following table sets forth segment revenue, segment operating expenses and segment operating loss for the periods indicated.

	For the six months ended		Change	% of change
	2022	2021		
	RMB'000	RMB'000	RMB'000	
Others				
Segment revenue	<u>22,636</u>	<u>37,336</u>	<u>(14,700)</u>	<u>-39.4%</u>
Segment revenue and net investment gains	<u>53,841</u>	<u>43,439</u>	<u>10,402</u>	<u>23.9%</u>
Compensation and benefit expenses	(44,472)	(35,163)	(9,309)	26.5%
Impairment loss under expected credit loss model, net of reversal	29	(8,318)	8,347	n.m.
Finance cost	(22,201)	(18,779)	(3,422)	18.2%
Other operating expenses	<u>(26,359)</u>	<u>(17,768)</u>	<u>(8,591)</u>	<u>48.4%</u>
Segment operating expenses	<u>(93,003)</u>	<u>(80,028)</u>	<u>(12,975)</u>	<u>16.2%</u>
Segment operating loss	<u>(39,162)</u>	<u>(36,589)</u>	<u>(2,573)</u>	<u>7.0%</u>

Segment Revenue and Net Investment Gains

For the others segment, total revenue and net investment gains were RMB53.8 million for the six months ended June 30, 2022, increased by 23.9% from RMB43.4 million for the six months ended June 30, 2021. This increase was primarily due to increase in investment gains generated from cash management products.

Segment Operating Expenses

For the others segment, segment operating expenses increased by 16.2% from RMB80.0 million for the six months ended June 30, 2021 to RMB93.0 million for the six months ended June 30, 2022.

Segment Operating Loss

For the others segment, segment operating loss was RMB39.2 million and RMB36.6 million for the six months ended June 30, 2022 and 2021, respectively.

Results of Operations

Revenue and Net Investment Gains or Losses

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

	For the six months ended			
	June 30,		Change	% of change
2022	2021	RMB'000		
	RMB'000	RMB'000	RMB'000	
Transaction and advisory fees	280,931	794,905	(513,974)	-64.7%
Management fees	267,133	207,801	59,332	28.6%
Interest income	22,889	41,133	(18,244)	-44.4%
Realized income from carried interest	32,752	4,124	28,628	694.2%
Total revenue	603,705	1,047,963	(444,258)	-42.4%
Net investment (losses) gains	(91,418)	1,410,358	(1,501,776)	n.m.
Total revenue and net investment gains or losses	512,287	2,458,321	(1,946,034)	-79.2%

Total revenue was RMB603.7 million for the six months ended June 30, 2022, a decrease of 42.4% from RMB1,048.0 million for the six months ended June 30, 2021.

- Transaction and advisory fees were RMB280.9 million, a decrease of 64.7% from the prior period.
- Management fees were RMB267.1 million, an increase of 28.6% from the prior period.
- Interest income was RMB22.9 million, a decrease of 44.4% from the prior period.
- Realized income from carried interest was RMB32.8 million, an increase of 694.2% from the prior period.

The net investment gains were mainly derived from investments in our own private equity funds, investments in third-party private equity funds, listed equity investments, wealth management related products, structured finance related products, financial bonds and other cash management products. Net investment losses were RMB91.4 million for the six months ended June 30, 2022, as compared to RMB1,410.4 million of net investment gains for the six months ended June 30, 2021.

Total revenue and net investment gains were RMB512.3 million for the six months ended June 30, 2022, a decrease of 79.2% from RMB2,458.3 million for the six months ended June 30, 2021.

Operating Expenses

Total operating expenses decreased by 44.4% from RMB1,053.4 million for the six months ended June 30, 2021 to RMB585.6 million for the six months ended June 30, 2022.

Compensation and benefit expenses decreased by 49.0% from RMB744.6 million for the six months ended June 30, 2021 to RMB379.5 million for the six months ended June 30, 2022. Among compensation and benefit expenses, share-based compensation increased by 135.3% from RMB30.1 million for the six months ended June 30, 2021 to RMB70.9 million for the six months ended June 30, 2022.

Finance costs decreased by 35.0% from RMB66.2 million for the six months ended June 30, 2021 to RMB43.0 million for the six months ended June 30, 2022.

Provision of impairment losses under expected credit loss model decreased by 51.7% from RMB14.8 million for the six months ended June 30, 2021 to RMB7.1 million for the six months ended June 30, 2022.

Investment losses attributable to interest holders of consolidated structured entities were RMB21.1 million for the six months ended June 30, 2022, as compared to RMB52.5 million of investment gains attributable to interest holders of consolidated structured entities for the six months ended June 30, 2021.

Other operating expenses decreased by 7.9% from RMB172.5 million for the six months ended June 30, 2021 to RMB158.8 million for the six months ended June 30, 2022.

Operating (Loss) Profit

Operating loss was RMB73.3 million for the six months ended June 30, 2022, as compared to RMB1,405.0 million of operating profit for the six months ended June 30, 2021.

Other Income, Gains or Losses

Other losses were RMB5.4 million for the six months ended June 30, 2022, as compared to RMB15.0 million of other gains for the six months ended June 30, 2021. Other gains or losses mainly came from government grants, net exchange (loss) gain, gain on disposal of associates and impairment loss on investment in a joint venture. Please refer to the Note 5 to the condensed consolidated financial statements for further details.

Investment (Loss) 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 strategic minority equity investments. Usually 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.

Investment loss arising from certain incidental and ancillary investments was RMB30.2 million for the six months ended June 30, 2022, as compared to RMB24.2 million of investment income arising from certain incidental and ancillary investments for the six months ended June 30, 2021, resulting from the depreciation in value of strategic minority equity investments.

Share of Results of Associates

Share of loss of associates increased from RMB2.2 million for the six months ended June 30, 2021 to RMB2.3 million for the six months ended June 30, 2022.

Share of Results of Joint Ventures

Share of loss of joint ventures increased from RMB2.0 million for the six months ended June 30, 2021 to RMB4.2 million for the six months ended June 30, 2022.

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%. On March 13, 2020, the China Securities Regulatory Commission (“CSRC”) announced an elimination of foreign equity cap in securities companies starting from April 1, 2020. Qualified foreign investors can render applications to establish new wholly-owned securities companies or change actual controllers in their existing joint ventures according to Chinese laws, regulations and applicable rules and service guides of the CSRC. Our call option to acquire the non-controlling interests in CR Securities is substantially exercisable and is mandatorily measured at fair value through profit or loss as a derivative in accordance with IFRS. A gain of RMB1.5 million for the six months ended June 30, 2022 was recorded under the change in fair value of call option.

(Loss) Profit before Tax

Loss before tax was RMB114.0 million for the six months ended June 30, 2022, as compared to RMB1,432.3 million of profit before tax for the six months ended June 30, 2021.

Income Tax Expense

Income tax expense was RMB84.1 million and RMB155.7 million for the six months ended June 30, 2022 and 2021, respectively. The decrease was primarily due to less taxable income generated for the six months ended June 30, 2022.

(Loss) Profit for the Period and (Loss) Profit for the Period Attributable to Owners of the Company

Loss for the period was RMB198.0 million for the six months ended June 30, 2022, as compared to RMB1,276.6 million of profit for the period for the six months ended June 30, 2021. Loss attributable to owners of the Company was RMB153.7 million for the six months ended June 30, 2022, as compared to RMB1,228.5 million of profit attributable to owners of the Company for the six months ended June 30, 2021.

Adjusted Net (Loss) Profit Attributable to Owners of the Company

Adjusted net loss attributable to owners of the Company without unrealized net carried interest was RMB84.3 million for the six months ended June 30, 2022, as compared to RMB1,266.2 million of adjusted net profit attributable to owners of the Company without unrealized net carried interest for the six months ended June 30, 2021. Unrealized net carried interest, calculated as unrealized income from carried interest subtracting carried interest to management team and other parties, was a reverse of RMB86.7 million for the six months ended June 30, 2022, as compared to RMB286.0 million for the six months ended June 30, 2021. Adjusted net loss attributable to owners of the Company with unrealized net carried interest was RMB171.0 million for the six months ended June 30, 2022, as compared to RMB1,552.2 million of adjusted net profit attributable to owners of the Company with unrealized net carried interest for the six months ended June 30, 2021.

Off-Balance Sheet Commitments and Arrangements

As of June 30, 2022, we had not entered into any off-balance sheet transactions.

Capital Structure

We manage our capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to Shareholders through the optimisation of our capital structure.

The Group has maintained sound financial strength during the six months ended June 30, 2022. The Group is aware of the need to use capital for further business expansion, continuously seeking various means of financing. As of June 30, 2022, the Group had RMB2,313.4 million of outstanding bank borrowings and held credit facilities from authorized institutions in aggregate principal amount of RMB4,970.2 million.

Gearing Ratio

The gearing ratio of the Group, which is calculated as total liabilities divided by total assets, excluding the effect of right-of-use assets, lease liabilities, open trade receivable, open trade payable, payable to consolidated structured entities, cash held on behalf of brokerage clients and payable to brokerage clients, receivable on behalf of underwriting clients and payable to underwriting clients was 34.0% as of June 30, 2022, compared with 35.3% as of December 31, 2021.

Significant Investments Held

The following table sets forth the fair value of investments of our primary investment activities as of the dates indicated.

	As of June 30, 2022 <i>RMB'000</i>	As of December 31, 2021 <i>RMB'000</i>
Investments in our own private equity funds in our capacity as a general partner and limited partner	1,600,782	3,271,627
Investments in third-party private equity funds in our capacity as a limited partner	1,015,101	1,104,043
Strategic minority equity investments		
— Investments in the form of preferred shares of other companies	382,645	291,089
— Passive equity holdings in non-associate companies	223,200	303,400
Total	<u>3,221,728</u>	<u>4,970,159</u>

As of June 30, 2022, the Group had investments of our primary investment activities amounting to an aggregate of approximately RMB3,221.7 million measured in fair value, which decreased by 35.2% as compared to December 31, 2021. Each investment was individually less than 5% of the total assets of the Group as of June 30, 2022.

Future Plans for Material Investments and Capital Assets

The Group did not have any plans for material investments and capital assets as at June 30, 2022.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

The Group did not have material acquisitions and disposals of subsidiaries and affiliated companies for the six months ended June 30, 2022.

Employee and Remuneration Policy

As of June 30, 2022, we had 775 full-time employees, including over 85% advisory and investment professionals.

The following table sets forth the number of our employees by function as of June 30, 2022.

Function	Number of Employees	Percentage
Investment Banking	222	29%
Investment Management	95	12%
CR Securities	311	40%
Others	30	4%
Group Middle and Back Office	117	15%
Total	775	100%

The following table sets forth the number of our employees by geographic region as of June 30, 2022.

Geographic Region	Number of Employees	Percentage
Beijing, China	318	41%
Shanghai, China	260	34%
Other cities in China	62	8%
Hong Kong, China	116	15%
United States	16	2%
Singapore	3	—
Total	775	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 June 30, 2022, 118 grantees held options granted under the ESOP (as defined in 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 six months ended June 30, 2022 were RMB379.5 million, representing a decrease of 49.0% as compared to six months ended June 30, 2021.

Foreign Exchange Risk

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 June 30, 2022, we used foreign currency forward contracts for hedging purposes.

Pledge of Assets

As of June 30, 2022, the Company pledged one US\$ bank deposit of US\$5.1 million (equivalent to approximately RMB34.3 million) to secure our long term credit facilities.

Contingent Liabilities

As of June 30, 2022, we did not have any material contingent liabilities.

Interim Dividends

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2022.

The Company has adopted a dividend policy (the “**Dividend Policy**”), which aims to increase or maintain the value of dividends per share of the Company, to provide reasonable return in investment of investors, and to allow the Shareholders to assess its dividend payout trend and intention.

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, 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. Even 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.

During the six months ended June 30, 2022, a final dividend of RMB38 cents per share in respect of the year ended December 31, 2021 was declared to owners of the Company. The aggregate amount of the final dividend declared in the six months ended June 30, 2022 amounted to RMB201.1 million, and such cash dividend was paid on July 22, 2022.

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

	For the six months ended	
	June 30,	
	2022	2021
	RMB’000	RMB’000
Dividends to the Shareholders	201,114	209,281

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company was incorporated in the Cayman Islands on July 13, 2011 with limited liability, and the Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (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.

Compliance with the Code on Corporate Governance Practices

During the six months ended June 30, 2022, the Company has complied with all applicable code provisions set out in the Corporate Governance Code (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 deviation.

Code provision C.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.

Furthermore, in light of the amendments to the CG Code which came into effect on January 1, 2022 and impose additional requirements applicable to corporate governance reports for the financial year commencing on or after January 1, 2022, the Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the latest version of the CG Code. The Company will report on its compliance of the latest version of the CG Code in its corporate governance report for the year ending December 31, 2022.

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 six months ended June 30, 2022.

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

No repurchases of Shares have been made by the Company during the six months ended June 30, 2022 (whether on the Stock Exchange or otherwise).

Save as disclosed in the interim report of the Group for the six months ended June 30, 2022 to be published, neither the Company nor any member of the Group purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2022.

Audit Committee and Review of Financial Statements

The Company has established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal controls system of the Group, review and approve connected transactions and provide advice and comments to the Board.

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 unaudited interim results of the Group for the six months ended June 30, 2022. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company with senior management members and the external auditor of the Company, Deloitte Touche Tohmatsu.

The condensed consolidated financial statements of the Group for the six months ended June 30, 2022 has been reviewed by the Audit Committee and by the Company's external auditor in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the International Auditing and Assurance Standards Board.

Other Board Committees

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

Subsequent Events after the Reporting Period

On July 22, 2022, a final dividend of RMB38 cents (HK\$0.44543) per Share for the year ended December 31, 2021 (the "**Final Dividend**") was paid up by the Company out of the share premium account in Hong Kong dollars to Shareholders whose names appeared on the register of members of the Company as at the close of business on Monday, July 11, 2022. For details of the payment date and exchange rate for the Final Dividend payment, please refer to the Company's announcement dated July 11, 2022.

Save as disclosed above, no important events affecting the Company have occurred since June 30, 2022 and up to the date of this announcement.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2022

	<i>Notes</i>	Six months ended June 30, 2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Revenue	3		
Transaction and advisory fees		280,931	794,905
Management fees		267,133	207,801
Interest income		22,889	41,133
Income from carried interest		32,752	4,124
		<hr/>	<hr/>
Total revenue		603,705	1,047,963
Net investment (losses) gains	4	(91,418)	1,410,358
		<hr/>	<hr/>
Total revenue and net investment gains or losses		512,287	2,458,321
		<hr/>	<hr/>
Compensation and benefit expenses		(379,459)	(744,556)
Carried interest to management team and other parties		(18,335)	(2,846)
Investment losses (gains) attributable to interest holders of consolidated structured entities		21,141	(52,535)
Impairment loss under expected credit loss model, net of reversal	16	(7,130)	(14,766)
Finance costs		(43,005)	(66,168)
Other operating expenses		(158,835)	(172,491)
		<hr/>	<hr/>
Total operating expenses		(585,623)	(1,053,362)
		<hr/>	<hr/>
Operating (loss) profit		(73,336)	1,404,959
		<hr/>	<hr/>
Other income, gains or losses	5	(5,384)	14,998
Investment (loss) income arising from certain incidental and ancillary investments	6	(30,201)	24,204
Share of results of associates		(2,295)	(2,203)
Share of results of joint ventures		(4,233)	(2,039)
Change in fair value of call option		1,490	(7,570)
		<hr/>	<hr/>
(Loss) profit before tax		(113,959)	1,432,349
Income tax expense	7	(84,079)	(155,722)
		<hr/>	<hr/>
(Loss) profit for the period		(198,038)	1,276,627
		<hr/> <hr/>	<hr/> <hr/>

	<i>Notes</i>	Six months ended June 30,	
		2022	2021
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Other comprehensive income (expense)			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		418,561	(223,029)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(270,575)	124,579
Fair value (loss) gain on debt instruments measured at fair value through other comprehensive income		(283)	3,844
Impairment loss for debt instruments at fair value through other comprehensive income included in profit or loss, net of reversal		(20)	132
Income tax that may be reclassified subsequently to profit or loss		76	(994)
		<hr/>	<hr/>
Other comprehensive income (expense) for the period, net of tax		147,759	(95,468)
		<hr/>	<hr/>
Total comprehensive (expense) income for the period		(50,279)	1,181,159
		<hr/> <hr/>	<hr/> <hr/>
<i>(Loss) profit for the period attributable to:</i>			
— Owners of the Company		(153,735)	1,228,474
— Non-controlling interests		(44,303)	48,153
		<hr/>	<hr/>
		(198,038)	1,276,627
		<hr/>	<hr/>
<i>Total comprehensive (expense) income for the period attributable to:</i>			
— Owners of the Company		(7,047)	1,133,544
— Non-controlling interests		(43,232)	47,615
		<hr/>	<hr/>
		(50,279)	1,181,159
		<hr/>	<hr/>
<i>(Loss) earnings per share</i>			
Basic	9	RMB(0.30)	RMB2.49
Diluted	9	RMB(0.30)	RMB2.32
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

	<i>Notes</i>	June 30, 2022	December 31, 2021
		RMB'000	RMB'000
		(unaudited)	(audited)
Non-current assets			
Property and equipment		156,171	178,243
Intangible assets		100,048	88,953
Deferred tax assets		91,111	168,536
Investments in associates	<i>10</i>	1,651,757	1,615,923
Investments in joint ventures		39,073	43,306
Financial assets at fair value through profit or loss	<i>11</i>	2,170,526	3,981,583
Financial assets at fair value through other comprehensive income	<i>12</i>	182,134	359,610
Rental deposits		19,497	19,107
Loans to third parties	<i>13</i>	183,585	—
		4,593,902	6,455,261
Current assets			
Accounts and other receivables	<i>14</i>	901,111	760,118
Financial assets purchased under resale agreements	<i>15</i>	5,800	109,005
Loans to third parties	<i>13</i>	—	4,579
Amounts due from related parties		1,368,120	64,682
Financial assets at fair value through profit or loss	<i>11</i>	2,970,659	2,894,129
Financial assets at fair value through other comprehensive income	<i>12</i>	226,732	50,600
Term deposits		5,368	208,778
Pledged bank deposits		34,274	21,054
Cash held on behalf of brokerage clients		1,792,446	1,211,127
Cash and cash equivalents		2,554,983	2,381,646
Other financial assets		—	3,187
		9,859,493	7,708,905
TOTAL ASSETS		14,453,395	14,164,166

	<i>Notes</i>	June 30, 2022 RMB'000 (unaudited)	December 31, 2021 RMB'000 (audited)
Current liabilities			
Accounts and other payables	17	1,300,783	1,036,061
Financial assets sold under repurchase agreements	18	469,292	760,022
Short-term debt instrument issued	19	142,729	160,954
Payable to brokerage clients		1,792,446	1,211,127
Payables to interest holders of consolidated structured entities		267,802	390,299
Amounts due to related parties		1,438	13,185
Contract liabilities		139,710	59,713
Bank borrowings	20	605,609	587,596
Lease liabilities		57,227	57,423
Income tax payables		99,231	180,976
		<u>4,876,267</u>	<u>4,457,356</u>
Net current assets		<u>4,983,226</u>	<u>3,251,549</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,577,128</u>	<u>9,706,810</u>
Non-current liabilities			
Lease liabilities		79,895	94,638
Bank borrowings	20	1,711,407	1,625,804
Contract liabilities		4,928	6,671
Deferred tax liabilities		67,405	72,182
		<u>1,863,635</u>	<u>1,799,295</u>
NET ASSETS		<u>7,713,493</u>	<u>7,907,515</u>
Capital and reserves			
Share capital	21	91	90
Reserves		6,684,358	6,825,942
Equity attributable to owners of the Company		<u>6,684,449</u>	6,826,032
Non-controlling interests		<u>1,029,044</u>	<u>1,081,483</u>
		<u>7,713,493</u>	<u>7,907,515</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2022

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2022 are the same as those presented in the annual consolidated financial statements of the Company and its subsidiaries (the “Group”) for the year ended December 31, 2021.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by International Accounting Standards Board, for the first time, which are mandatorily effective for the annual period beginning on January 1, 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond June 30, 2021
Amendments to IAS 16	Property, Plant and Equipment — Proceeds Before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND 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.

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

- (a) The investment banking is a segment of the Group’s operations whereby the Group provides (1) 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**”); and (2) structured financing dedicated to exploring and developing non-equity financing services for new-economy firms;
- (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, and manages its own investment in funds to obtain investment returns;
- (c) CR Securities comprises the Group’s investment banking and asset management businesses in mainland China, which overlap with the other two segments in nature but are otherwise separately operated and focuses on regulated securities market in mainland China and has an independent risk control framework; and
- (d) Others mainly comprise of wealth management business, and investment and management of its own funds. Wealth management business provides value-added wealth management services for high net worth individuals and other high net worth groups represented by new-economy entrepreneurs, and this business also helps the Group integrate and enhance investment and management of its own funds.

Segment revenue and results

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

	Six months ended June 30, 2022 (unaudited)				Consolidation adjustments and reconciling items RMB'000	Total consolidated RMB'000
	Investment banking RMB'000	Investment management RMB'000	CR Securities RMB'000	Others RMB'000		
Transaction and advisory fees	231,250	—	49,681	—	—	280,931
Management fees	—	251,002	—	16,131	—	267,133
Interest income	—	6,332	10,052	6,505	—	22,889
Income from carried interest	—	(276,351)	—	—	309,103 ^(note)	32,752
Total revenue	231,250	(19,017)	59,733	22,636	309,103	603,705
Net investment gains (losses)	1,361	(102,000)	(21,984)	31,205	—	(91,418)
Total revenue and net investment gains or losses	232,611	(121,017)	37,749	53,841	309,103	512,287
Compensation and benefit expenses	(176,406)	(54,588)	(103,993)	(44,472)	—	(379,459)
Carried interest to management team and other parties	—	204,036	—	—	(222,371) ^(note)	(18,335)
Investment losses (gains) attributable to interest holders of consolidated structured entities	—	21,263	(122)	—	—	21,141
Impairment loss under expected credit loss model, net of reversal	—	(7,179)	20	29	—	(7,130)
Finance costs	—	(9,181)	(11,623)	(22,201)	—	(43,005)
Other operating expenses	(57,888)	(44,668)	(29,920)	(26,359)	—	(158,835)
Operating loss	(1,683)	(11,334)	(107,889)	(39,162)	86,732	(73,336)
Other income, gains or losses						(5,384)
Investment loss arising from certain incidental and ancillary investments						(30,201)
Share of results of associates						(2,295)
Share of results of joint ventures						(4,233)
Change in fair value of call option						1,490
Loss before tax						(113,959)
Income tax expense						(84,079)
Loss for the period						(198,038)

Six months ended June 30, 2021 (unaudited)

	Investment banking RMB'000	Investment management RMB'000	CR Securities RMB'000	Others RMB'000	Consolidation adjustments and reconciling items RMB'000	Total consolidated RMB'000
Transaction and advisory fees	730,645	—	64,260	—	—	794,905
Management fees	—	194,860	—	12,941	—	207,801
Interest income	1,590	—	15,148	24,395	—	41,133
Income from carried interest	—	1,202,373	—	—	(1,198,249) ^(note)	4,124
Total revenue	732,235	1,397,233	79,408	37,336	(1,198,249)	1,047,963
Net investment gains	9,730	1,121,658	272,867	6,103	—	1,410,358
Total revenue and net investment gains	741,965	2,518,891	352,275	43,439	(1,198,249)	2,458,321
Compensation and benefit expenses	(375,756)	(196,606)	(137,031)	(35,163)	—	(744,556)
Carried interest to management team and other parties	—	(915,102)	—	—	912,256 ^(note)	(2,846)
Investment gains attributable to interest holders of consolidated structured entities	—	(45,651)	(6,884)	—	—	(52,535)
Impairment loss under expected credit loss model, net of reversal	(5,991)	(324)	(133)	(8,318)	—	(14,766)
Finance costs	—	(32,564)	(14,825)	(18,779)	—	(66,168)
Other operating expenses	(75,786)	(47,813)	(31,124)	(17,768)	—	(172,491)
Operating profit (loss)	284,432	1,280,831	162,278	(36,589)	(285,993)	1,404,959
Other income, gains or losses						14,998
Investment income arising from certain incidental and ancillary investments						24,204
Share of results of associates						(2,203)
Share of results of joint ventures						(2,039)
Change in fair value of call option						(7,570)
Profit before tax						1,432,349
Income tax expense						(155,722)
Profit for the period						<u>1,276,627</u>

Segment profit or loss represents the results of each segment without allocation of corporate items including other income, gains or losses, investment (loss) income arising from certain incidental and ancillary investments (the “**Passive Investment (Loss) Income**”), share of results of associates, share of results of joint ventures, change in fair value of call option and income tax expense. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Note:

Income from carried interest earned based on the performance of the managed funds (“**Carried Interest**”) is a form of variable consideration in their contracts with customers to provide investment management services. Carried Interest are earned based on fund performance during the period, subject to the achievement of minimum return levels, in accordance with the respective terms set out in each fund’s governing agreements. The segment results of investment management include the unrealised income from Carried Interest calculated 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 unrealised income from Carried Interest of negative RMB309,103,000 and RMB1,198,249,000 for the six months ended June 30, 2022 and 2021 respectively, which are based on the underlying fair value change of the respective funds managed by the Group. The associated expense adjustments represent the unrealised carried interest payable to fund management team and other third parties of negative RMB222,371,000 and RMB912,256,000 for the six months ended June 30, 2022 and 2021 respectively. The unrealised 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 realised as of such date, irrespective of whether such amounts have been realised.

As the fair value of underlying investments varies 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 carried interest payable to fund management teams and other parties is included, on a basis consistent with such income from Carried Interest, as an expense in the investment management segment.

However, for the six months ended June 30, 2022 and 2021, except for RMB32,752,000 and RMB4,124,000, respectively, of Carried Interest realised for certain funds, no income from Carried Interest for other funds was recognised as revenue and it will not be recognised until (a) it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur, or (b) the uncertainty associated with the variable consideration is subsequently resolved. All allocations of Carried Interest as an expense are recognised only when the amounts that will 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 “crystallised”.

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:

	Revenue from external customers		Non-current assets <i>(note)</i>	
	Six months ended June 30,		At	At
	2022	2021	June 30,	December 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>2022</i>	<i>2021</i>
	(unaudited)	(unaudited)	(unaudited)	(audited)
Mainland China	461,461	578,914	270,910	328,106
Hong Kong	121,859	439,705	31,121	27,047
USA	20,385	29,344	4,298	6,052
	<u>603,705</u>	<u>1,047,963</u>	<u>306,329</u>	<u>361,205</u>

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

Timing of revenue recognition for revenue from contract of customers

	Six months ended June 30,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
A point of time	313,683	799,029
Over time	<u>267,133</u>	<u>207,801</u>
	<u>580,816</u>	<u>1,006,830</u>

4. NET INVESTMENT (LOSSES) GAINS

	Six months ended June 30,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Net realised and unrealised (losses) gains from financial assets at fair value through profit or loss (“FVTPL”)		
— Wealth management related products	(9,834)	6,103
— Asset management schemes	35,337	20,068
— Structured finance related products	1,957	9,730
— Financial bonds	(2,540)	38,092
— Listed equity security investments	(55,161)	202,695
— Convertible notes	3,815	—
— Unlisted investment funds at fair value	(81,360)	550,611
— Foreign currency forward contracts	37,414	—
Net realised gains from partially transferred investment portfolio		
— Unlisted debt security and equity security investments (note)	106,340	—
Gross gain from consolidated structured entities		
— Asset management schemes	342	11,094
Gross (loss) gain from investments in associates measured at fair value		
— Investment in funds	(137,442)	607,903
Net realised and unrealised losses from financial liabilities at FVTPL		
— Securities borrowing	—	(36,856)
Dividend income from		
— Wealth management related products	5,385	—
— Listed equity security investments	2,177	—
— Asset management schemes	2,152	918
	<u>(91,418)</u>	<u>1,410,358</u>

Note:

As the ordinary course of the investment management business, the Group holds several investment portfolio for the newly established fund managed by the Group prior to the fund’s closing. During the six months ended June 30, 2022, as agreed in advance, after the first closing of the fund, the Group transferred to the fund partial interests in several subsidiaries which only hold FVTPL investments amounting to RMB1,717,435,000, and hold the remaining interest in these FVTPL investment through several structured entities accounted for as investments in associates. Total consideration of such transfer was RMB1,823,775,000 and resulted in a gain of RMB106,340,000.

5. OTHER INCOME, GAINS OR LOSSES

	Six months ended June 30,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Government grants (<i>note a</i>)	15,753	13,858
Net exchange (loss) gain	(39,771)	1,851
Gain on partially disposal of an associate	24,837	—
Gain on disposal of associates	—	2,239
Impairment loss on investment in a joint venture	—	(3,124)
Others (<i>note b</i>)	(6,203)	174
	<u>(5,384)</u>	<u>14,998</u>

Note:

- (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 RMB5,123,000 was investment gains attributable to interest holders of consolidated structured entities holding associate companies of the Group for the six months ended June 30, 2022. (six months ended June 30, 2021: nil).
 - An aggregated amount of RMB1,085,000 charitable donations was made by the Group during the six months ended June 30, 2022 (six months ended June 30, 2021: nil).

6. INVESTMENT (LOSS) INCOME ARISING FROM CERTAIN INCIDENTAL AND ANCILLARY INVESTMENTS

	Six months ended June 30,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Passive Investment (Loss) Income from		
— Unlisted equity security investments	—	24,204
— Convertible notes	(30,201)	—
	<u>(30,201)</u>	<u>24,204</u>

Investment (loss) income arising from certain incidental and ancillary investments represents certain passive investments made from time to time, the primary type of which include investments in the form of preferred shares of other companies, convertible notes of other companies, and other passive equity holdings in non-associate companies and derivatives.

7. INCOME TAX EXPENSE

	Six months ended June 30,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current tax		
Mainland China	11,255	33,441
Hong Kong	—	24,259
	<u>11,255</u>	<u>57,700</u>
Deferred tax	<u>72,824</u>	<u>98,022</u>
Total income tax expense	<u><u>84,079</u></u>	<u><u>155,722</u></u>

8. DIVIDENDS

	Six months ended June 30,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Dividends to shareholders of the Company	<u><u>201,114</u></u>	<u><u>209,281</u></u>

During the six months ended June 30, 2022, a final dividend of RMB38 cents per share in respect of the year ended December 31, 2021 (six months ended June 30, 2021: RMB38 cents per share in respect of the year ended December 31, 2020) was declared to owners of the Company. The aggregate amount of the final dividend declared in the six months ended June 30, 2022 amounted to RMB201,114,000 (six months ended June 30, 2021: RMB209,281,000), and such cash dividend was paid on July 22, 2022 (six months ended June 30, 2021: paid on July 22, 2021).

9. (LOSS) EARNINGS PER SHARE

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

	Six months ended June 30,	
	2022	2021
	(unaudited)	(unaudited)
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share		
(Loss) earnings for the period attributable to owners of the Company (<i>RMB'000</i>)	<u>(153,735)</u>	<u>1,228,474</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	507,132,222	492,935,325
Effect of dilutive potential ordinary shares:		
Share options of the Group	—	33,675,291
Restricted share units of the Group	—	<u>3,921,437</u>
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	<u>507,132,222</u>	<u>530,532,053</u>
Basic (loss) earnings per share (<i>RMB</i>)	<u>(0.30)</u>	<u>2.49</u>
Diluted (loss) earnings per share (<i>RMB</i>)	<u>(0.30)</u>	<u>2.32</u>

The computation of diluted loss per share for the six months ended June 30, 2022 has not considered the effect of share options and restricted share units given that the effects are anti-dilutive.

For the six months ended June 30, 2021, 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.

10. INVESTMENTS IN ASSOCIATES

	As at June 30, 2022 <i>RMB'000</i> (unaudited)	As at December 31, 2021 <i>RMB'000</i> (audited)
Investments in unlisted companies (a)	11,037	50,702
Investments in funds (b)	1,640,720	1,565,221
	1,651,757	1,615,923

(a) Investments in unlisted companies

	As at June 30, 2022 <i>RMB'000</i> (unaudited)	As at December 31, 2021 <i>RMB'000</i> (audited)
Cost of unlisted investments in associates	64,134	101,945
Share of post-acquisition profit or loss and other comprehensive expense	(14,100)	(11,805)
Impairment loss	(39,026)	(39,026)
Exchange adjustments	29	(412)
	11,037	50,702

(b) Investments in funds

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

	As at June 30, 2022 <i>RMB'000</i> (unaudited)	As at December 31, 2021 <i>RMB'000</i> (audited)
Cost of investments in funds	1,024,494	839,289
Fair value changes in funds (note)	600,336	760,222
Exchange adjustments	15,890	(34,290)
	1,640,720	1,565,221

Note: The fair value changes on funds were recorded in the net investment (losses) gains in the condensed consolidated statement of profit or loss and other comprehensive income.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
Current		
Unlisted cash management products (<i>Note i</i>)	444,565	170,728
Money market funds (<i>Note ii</i>)	485,298	591,839
Listed financial bonds (<i>Note iii</i>)	1,585,947	1,820,498
Trust products (<i>Note iv</i>)	25,424	101,029
Listed equity security investments (<i>Note v</i>)	257,825	181,344
Convertible notes (<i>Note vi</i>)	171,600	28,691
	<u>2,970,659</u>	<u>2,894,129</u>
Non-current		
Trust products (<i>Note iv</i>)	—	14,746
Listed equity security investments (<i>Note v</i>)	—	80,200
Unlisted investment funds at fair value (<i>Note vii</i>)	1,015,101	1,104,043
Unlisted debt security investments (<i>Note viii</i>)	548,377	1,085,026
Unlisted equity security investments (<i>Note ix</i>)	87,478	1,179,488
Call option for obtaining non-controlling interests (<i>Note x</i>)	519,570	518,080
	<u>2,170,526</u>	<u>3,981,583</u>

Note i: The Group purchased cash management products with expected rates of return per annum ranging from 2.05% to 3.35% as at June 30, 2022 (December 31, 2021: 2.39% to 3.14%). The fair values are based on cash flow discounted using the expected rate of return based on management judgement.

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 0.10% to 5.10% as at June 30, 2022 (December 31, 2021: from 0.01% to 7.10%) 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 11.00% to 12.00% per annum as at June 30, 2022 (December 31, 2021: 7.50% to 12.00%). As the trust product 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 condensed consolidated statement of profit or loss and other comprehensive income.
- Note vi:* The Group invested in convertible notes with fixed interest rates ranging from 6% to 10% (December 31, 2021: 6%) and with terms of within one year, which shall be extended unless otherwise agreed by the Group and investee. The Group had conversion right to convert notes into equity shares of investee before the maturity date.
- Note vii:* 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 net investment (losses) gains in the condensed consolidated statement of profit or loss and other comprehensive income.
- Note viii:* These investments represent investments in the preferred shares of unlisted companies, and subsequent fair value change of the investments are recorded in the investment (loss) income arising from certain incidental and ancillary investments in the condensed consolidated statement of profit or loss and other comprehensive income.
- Note ix:* These investments represent equity investments in the unlisted companies, and subsequent fair value change of the investments are recorded in the investment (loss) income arising from certain incidental and ancillary investments in the condensed consolidated statement of profit or loss and other comprehensive income.
- Note x:* The Group holds a call option to obtain any non-controlling interests from the non-controlling shareholder of a subsidiary of the Group, China Renaissance Securities (China) Co. Ltd. (“**China Renaissance Securities**”), at the book value of the non-controlling interests exercisable at any time after its establishment. The fair value as at June 30, 2022 amounted to RMB519,570,000 (December 31, 2021: RMB518,080,000). 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 China Renaissance Securities and the estimate of the exercisability of the call option.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at June 30, 2022 <i>RMB'000</i> (unaudited)	As at December 31, 2021 <i>RMB'000</i> (audited)
Listed financial bonds	408,866	410,210
Less: non-current portion	<u>(182,134)</u>	<u>(359,610)</u>
	<u>226,732</u>	<u>50,600</u>

The total cost of the financial bonds as at June 30, 2022 was RMB398,385,000 (December 31, 2021: RMB398,821,000) and the fair value as at June 30, 2022 was RMB408,866,000 (December 31, 2021: RMB410,210,000) and with changes in fair value recorded in fair value (loss) gain on debt instruments measured at fair value through other comprehensive expense. The accumulated expected credit losses of financial bonds amounting to RMB75,000 as at June 30, 2022 (December 31, 2021: RMB95,000) was recognised in other reserves.

13. LOANS TO THIRD PARTIES

	As at June 30, 2022 <i>RMB'000</i> (unaudited)	As at December 31, 2021 <i>RMB'000</i> (audited)
Current		
Soundcath, LLC. (“Soundcath”) (<i>note a</i>)	6,884	6,541
Less: Impairment loss allowance	<u>(6,884)</u>	<u>(1,962)</u>
	<u>—</u>	<u>4,579</u>

	As at June 30, 2022 <i>RMB'000</i> (unaudited)	As at December 31, 2021 <i>RMB'000</i> (audited)
Non-current		
Wallaby Medical Holding, Inc. (“ Wallaby ”) (<i>note b</i>)	173,057	—
Song Huanping (“ Song ”) (<i>note c</i>)	10,662	—
Less: Impairment loss allowance	(134)	—
	<u>183,585</u>	<u>—</u>

Notes:

- (a) In July 2021, the Group entered into agreements with Soundcath, a third party. A loan amounting to US\$1,000,000 (equivalent to approximately RMB6,711,400) as at June 30, 2022, at an interest rate of 6% per annum was made to Soundcath. In January 2022, the Group renewed the agreement and agreed to extend the repayment date to July 2022. Considering that the loan is unlikely to be repaid after its maturity in July 2022, the loan was fully impaired as of June 30, 2022.
- (b) In March 2022, the Group entered into agreement with Wallaby, a third party. A loan amounting to US\$24,935,000 (equivalent to approximately RMB167,348,800) as at June 30, 2022 was made to Wallaby. The loan will be repaid on the second anniversary of the loan origination, which could be extended for 12 months by Wallaby. The interest rates from first year to third year were 8.0%, 8.5% and 9.5% per annum, respectively, plus 7% compound interest per annum. The loan was secured by a pledge over the shares of a third party company.
- (c) In January 2022, the Group entered into agreement with Song, a third party individual. A loan amounting to RMB10,000,000 with an interest rate of 15% was made to Song as at June 30, 2022. The loan will be repaid on the fourth anniversary of the loan origination. The loan was guaranteed by a third party company and was secured by a pledge over the restricted shares of a third party company.

14. ACCOUNTS AND OTHER RECEIVABLES

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
Accounts receivables		
— Accounts receivable (<i>Note i</i>)	100,661	86,333
— Open trade receivable (<i>Note ii</i>)	560,416	263,892
Advance to suppliers	18,515	14,386
Prepayment for money market fund investments	—	45,000
Other receivables		
— Refundable deposits	166,692	284,169
— Staff loans	38,162	28,393
— Value-added tax recoverable	2,408	3,545
Others	24,659	44,420
	<hr/>	<hr/>
Subtotal	911,513	770,138
Less: Impairment loss allowance	(10,402)	(10,020)
	<hr/>	<hr/>
Total	901,111	760,118

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)

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
0–30 days	55,383	67,550
31–60 days	30,243	3,034
61–90 days	2,346	3,228
91–180 days	902	815
181–360 days	263	396
> 360 days	1,457	1,720
	<hr/>	<hr/>
	90,594	76,743

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.

Details of the impairment assessment are set out in Note 16.

15. FINANCIAL ASSETS PURCHASED UNDER RESALE AGREEMENTS

	As at June 30, 2022 <i>RMB'000</i> (unaudited)	As at December 31, 2021 <i>RMB'000</i> (audited)
Analysed by collateral type:		
— Debt securities	5,800	109,000
Add: Interest receivable	—	5
	<u>5,800</u>	<u>109,005</u>
Total	<u><u>5,800</u></u>	<u><u>109,005</u></u>
Analysed by market:		
— Stock exchanges	5,800	109,005
Total	<u><u>5,800</u></u>	<u><u>109,005</u></u>

16. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO EXPECTED CREDIT LOSS MODEL

	Six months ended June 30, 2022 <i>RMB'000</i> (unaudited)	2021 <i>RMB'000</i> (unaudited)
Impairment loss recognized in respect of		
Accounts and other receivables	(87)	(2,668)
Loans to third parties	5,056	16,414
Amounts due from related parties	2,181	901
Financial assets at fair value through other comprehensive income (“FVTOCI”)	(20)	132
Other financial assets	—	(13)
	<u>7,130</u>	<u>14,766</u>

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended June 30, 2022 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended December 31, 2021.

17. ACCOUNTS AND OTHER PAYABLES

	As at June 30, 2022 <i>RMB'000</i> (unaudited)	As at December 31, 2021 <i>RMB'000</i> (audited)
Salaries, bonus and other benefit payables	385,726	712,435
Open trade payable (<i>note</i>)	563,368	208,695
Other payables	71,319	55,667
Consultancy fee payables	29,586	12,982
Carried interests to management team and other parties	21,266	2,710
Other tax payables	6,930	17,177
Accrued expenses	21,474	22,444
Dividend payable	201,114	3,951
	<u><u>1,300,783</u></u>	<u><u>1,036,061</u></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 condensed consolidated financial statements in view of the nature of these business.

18. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at June 30, 2022 <i>RMB'000</i> (unaudited)	As at December 31, 2021 <i>RMB'000</i> (audited)
Analysed by collateral type:		
— Debt securities	469,000	760,000
Add: Interest payable	292	22
	<u>469,292</u>	<u>760,022</u>
Total	<u><u>469,292</u></u>	<u><u>760,022</u></u>
Analysed by market:		
— Stock exchanges	469,292	760,022
	<u>469,292</u>	<u>760,022</u>
Total	<u><u>469,292</u></u>	<u><u>760,022</u></u>

Sales and repurchase agreements are transactions in which the Group sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same) at the agreed date and price. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of those securities transferred. These securities are not derecognised from the consolidated financial statements but regarded as “collateral” for the liabilities because the Group retains substantially all the risks and rewards of these securities.

The proceeds from selling such securities are presented as financial assets sold under repurchase agreements. Since the Group transfers contractual rights to receive the cash flows of the securities, it does not have the ability to sell or repledge these transferred securities during the term of these arrangements. Financial assets sold under repurchase agreements bear effective interest from 2.00% to 2.51% (December 31, 2021: 4.11%-4.15%) per annum.

The following tables provide a summary of carrying amounts and fair values related to the transferred financial assets that are not derecognised in their entirety and the associated liabilities:

	As at June 30, 2022 <i>RMB'000</i> (unaudited)	As at December 31, 2021 <i>RMB'000</i> (audited)
Carrying amount of transferred assets		
— financial assets at FVTPL	499,421	915,331
— financial assets at FVTOCI	408,866	410,210
Carrying amount of associated liabilities	(469,292)	(760,022)
Net position	438,995	565,519

19. SHORT-TERM DEBT INSTRUMENT ISSUED

	As at June 30, 2022 <i>RMB'000</i> (unaudited)	As at December 31, 2021 <i>RMB'000</i> (audited)
Structured notes	142,729	160,954

As at June 30, 2022, the interest rates of structured notes range from 3.60% to 6.08% (December 31 2021: 3.70% to 4.10%) per annum.

20. BANK BORROWINGS

During the current interim period, the Group obtained new bank loans amounting to RMB169,740,000 (six months ended June 30, 2021: RMB745,921,000) and repaid bank loans amounting to RMB166,375,000 (six months ended June 30, 2021: RMB357,881,000). The loans carry interest at fixed market rates per annum ranging from 4.2% to 5.0% (December 31, 2021: 4.3% to 5.0%) and at variable interest rate at London Interbank Offered Rate (“LIBOR”) plus 2% (December 31, 2021: LIBOR+2%). The loans are repayable in instalments within one year or over a period of two years. The proceeds were used for daily operation for the Group.

21. SHARE CAPITAL

	Number of shares	Nominal value Per share US\$	Share capital US\$
Authorised			
At January 1, 2021, January 1, 2022 and June 30, 2022	2,000,000,000	0.000025	50,000
	Number of shares	Nominal value per share US\$	Share capital US\$
			Amount shown in the financial statements RMB
Issued and fully paid			
At January 1, 2021	532,953,664		13,324
Shares repurchased and cancelled	(1,951,700)	0.000025	(49)
Shares issued to the Trusts	6,000,000	0.000025	150
Exercise of share options	13,362,812	0.000025	334
At January 1, 2022	550,364,776		13,759
Exercise of share options	5,468,000	0.000025	137
At June 30, 2022	555,832,776		13,896
		As at June 30, 2022	As at December 31, 2021
		RMB'000 (unaudited)	RMB'000 (audited)
Presented as		91	90

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.huaxing.com. The interim report of the Group for the six months ended June 30, 2022 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, August 30, 2022

As at the date of this announcement, the Board comprises Mr. Bao Fan as Chairman and Executive Director, Mr. Xie Yi Jing and Mr. Wang Lixing as Executive Directors, Mr. Li Eric Xun, Mr. Liu Xing and Mr. Lin Ning David as Non-executive Directors, and Ms. Yao Jue, Mr. Ye Junying and Mr. Zhao Yue as Independent Non-executive Directors.