

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



2022

INTERIM REPORT

CONTENTS

Corporate Information	2		
Summary of Financial Information	4		
Management Discussion and Analysis	6		
Other Information	28		
Report on Review of Condensed Consolidated Financial Statements	39	Condensed Consolidated Statement of Financial Position	42
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	40	Condensed Consolidated Statement of Changes In Equity	44
		Condensed Consolidated Statement of Cash Flows	46
		Notes to the Condensed Consolidated Financial Statements	49
		Definitions	94



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Bao Fan (*Chairman*)
Mr. Xie Yi Jing
Mr. Wang Lixing

Non-Executive Directors

Mr. Li Eric Xun
Mr. Liu Xing
Mr. Lin Ning David

Independent Non-Executive Directors

Ms. Yao Jue
Mr. Ye Junying
Mr. Zhao Yue

AUDIT COMMITTEE

Ms. Yao Jue (*Chairman*)
Mr. Ye Junying
Mr. Zhao Yue

REMUNERATION COMMITTEE

Mr. Ye Junying (*Chairman*)
Mr. Bao Fan
Mr. Zhao Yue

NOMINATION COMMITTEE

Mr. Bao Fan (*Chairman*)
Ms. Yao Jue
Mr. Zhao Yue

COMPANY SECRETARY

Mr. Yee, Ming Cheung Lawrence

AUTHORIZED REPRESENTATIVES

Mr. Xie Yi Jing
Mr. Yee, Ming Cheung Lawrence

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F One Pacific Place, 88 Queensway
Hong Kong

COMPANY ADDRESS

Registered Office

The offices of Maples Corporate Services Limited
P.O. Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Principal Place of Business in China

Pacific Century Place, Gate 1, Space 8
No. 2A Workers' stadium North Road
Chaoyang District
Beijing 100027, China

Principal Place of Business in Hong Kong

Units 8107-08, Level 81
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

LEGAL ADVISORS

As to Hong Kong law and United States law
Skadden, Arps, Slate, Meagher & Flom and
affiliates

As to the laws of mainland China
Commerce & Finance Law Offices

As to BVI and Cayman Islands law
Maples and Calder (Hong Kong) LLP

CORPORATE INFORMATION (CONTINUED)

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen’s Road East
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

PRINCIPAL BANKS

China Merchants Bank
Shanghai Pudong Development Bank
Bank of Communications
China CITIC Bank
HSBC
Silicon Valley Bank
SPD Silicon Valley Bank

STOCK CODE

1911

COMPANY WEBSITE

<http://www.huaxing.com/>

SUMMARY OF FINANCIAL INFORMATION

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 Interim Report, including the related notes. Our financial information was prepared in accordance with 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 Shareholders should not consider it in isolation from, or as substitute for analysis of, or our results of operations as reported under IFRS.

SUMMARY OF FINANCIAL INFORMATION (CONTINUED)

SUMMARY OF CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	For the six months ended June 30,	
	2022 RMB'000	2021 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 RMB'000	2021 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 the 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

In the first half of 2022, the IPO markets in Hong Kong and the 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 AlInnovation) 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.

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 2022. 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 2022, 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 2022, 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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,			
	2022 RMB'000	2021 RMB'000	Change RMB'000	% of change
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%
Total revenue and net investment gains or losses	512,287	2,458,321	(1,946,034)	-79.2%

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

SEGMENT PERFORMANCE (CONTINUED)

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,			
	2022 RMB'000	2021 RMB'000	Change RMB'000	% of change
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%
Operating (loss) profit	(73,336)	1,404,959	(1,478,295)	n.m.

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,			
	2022 RMB'000	2021 RMB'000	Change RMB'000	% of change
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%
Segment revenue	231,250	732,235	(500,985)	-68.4%
Net investment gains	1,361	9,730	(8,369)	-86.0%
Segment revenue and net investment gains	232,611	741,965	(509,354)	-68.6%
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%
Segment operating expenses	(234,294)	(457,533)	223,239	-48.8%
Segment operating (loss) profit	(1,683)	284,432	(286,115)	n.m.
Segment operating margin	-0.7%	38.3%		

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

SEGMENT PERFORMANCE (CONTINUED)

Investment Banking (Continued)

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%
Total	17,247	201,112	(183,865)	-91.4%

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

SEGMENT PERFORMANCE (CONTINUED)

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 RMB'000	2021 RMB'000	Change RMB'000	% of change
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.
Segment revenue	290,086	198,984	91,102	45.8%
Net investment (losses) gains	(102,000)	1,121,658	(1,223,658)	n.m.
Segment revenue and net investment gains or losses	188,086	1,320,642	(1,132,556)	-85.8%
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%
Segment operating expenses	(112,688)	(325,804)	213,116	-65.4%
Segment operating profit	75,398	994,838	(919,440)	-92.4%
Segment operating margin	40.1%	75.3%		

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

SEGMENT PERFORMANCE (CONTINUED)

Investment Management (Continued)

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 RMB'000	Investments in third-party funds RMB'000
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 IRR 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 RMB in million	As of December 31, 2021 RMB in million
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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

SEGMENT PERFORMANCE (CONTINUED)

Investment Management (Continued)

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

RMB in million except multiples and percentages	Committed		Realized Investments ⁽¹⁾		Unrealized Investments		Gross Multiple of Invested Capital ⁽²⁾
	Capital	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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

SEGMENT PERFORMANCE (CONTINUED)

Investment Management (Continued)

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

SEGMENT PERFORMANCE (CONTINUED)

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,			
	2022 RMB'000	2021 RMB'000	Change RMB'000	% of change
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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

SEGMENT PERFORMANCE (CONTINUED)

CR Securities (Continued)

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 June 30,		Change	% of change
	2022	2021		
	RMB'000	RMB'000	RMB'000	
Others				
Segment revenue	22,636	37,336	(14,700)	-39.4%
Segment revenue and net investment gains	53,841	43,439	10,402	23.9%
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	(26,359)	(17,768)	(8,591)	48.4%
Segment operating expenses	(93,003)	(80,028)	(12,975)	16.2%
Segment operating loss	(39,162)	(36,589)	(2,573)	7.0%

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

SEGMENT PERFORMANCE (CONTINUED)

Others (Continued)

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,			
	2022	2021	Change	% of change
	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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

RESULTS OF OPERATIONS (CONTINUED)

Revenue and Net Investment Gains or Losses (Continued)

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

RESULTS OF OPERATIONS (CONTINUED)

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

RESULTS OF OPERATIONS (CONTINUED)

(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.

CASH FLOWS

During the six months ended June 30, 2022, we funded working capital and other capital requirements primarily from cash generated from our business operations. We have primarily used cash to fund our capital expenditures and working capital for our business expansion.

We generally deposit our excess cash in interest bearing bank accounts and current accounts and invest in investment-grade financial bonds and other cash management investments. As of June 30, 2022, we had aggregate cash and cash equivalents of RMB2,555.0 million. Excluding CR Securities, we had cash and cash equivalents of RMB2,482.8 million. Excluding CR Securities, we had cash and cash equivalents, term deposits, pledged bank deposits (current portion), financial assets at fair value through profit or loss (current portion) and other financial assets (current portion) of RMB2,720.6 million.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CASH FLOWS (CONTINUED)

Cash Flows from Operating Activities

Cash generated from operating activities consists primarily of our transaction and advisory fees, management fees, interest income and realized net investment gains received. Cash used in operating activities mainly comprises investments in cash management products and contribution in the working capital. Cash flow from operating activities reflects: (i) profit or loss before income tax adjusted for non-cash and non-operating items, such as depreciation of property and equipment, amortization of intangible assets, interest income, finance costs, change in fair value of call option, net investment gains or losses, investment gains or losses attributable to interest holders of consolidated structured entities, investment income or loss arising from certain incidental and ancillary investments, gain on disposal of associates, impairment losses under expected credit loss model, net of reversal, impairment loss on investment in a joint venture, share of results of associates, share of results of a joint venture and share-based payment expense; (ii) the effects of movements in working capital, such as increase or decrease in accounts and other receivables, financial assets purchased under resale agreements, amounts due from related parties, amounts due to related parties, cash held on behalf of brokerage clients, financial assets sold under repurchase agreements, accounts and other payables, payable to brokerage clients and contract liabilities; (iii) increase or decrease in financial assets at fair value through profit or loss; and (iv) other cash items such as interest received and income tax paid.

For the six months ended June 30, 2022, we had net cash used in operating activities of RMB249.7 million, resulting from our loss before income tax of RMB114.0 million adjusted for non-cash and non-operating items of RMB227.8 million, income tax payment of RMB93.0 million, interest earned of RMB9.5 million and negative movements in working capital of RMB280.1 million. Negative movements in working capital primarily reflected: (i) an increase of RMB130.9 million in accounts and other receivables in connection with our business operations, (ii) an increase of RMB56.8 million in amounts due from related parties, (iii) a decrease of RMB11.7 million in amounts due to related parties, (iv) an increase of RMB581.3 million in cash held on behalf of brokerage clients, (v) an increase of RMB30.9 million in financial assets at fair value through profit or loss, (vi) a decrease of RMB298.9 million in financial assets sold under repurchase agreements, and offset by (vii) a decrease of RMB103.3 million in financial assets purchased under resale agreements, (viii) an increase of RMB67.6 million in accounts and other payables, (ix) an increase of RMB581.3 million in payable to brokerage clients, and (x) an increase of RMB78.3 million in contract liabilities.

For the six months ended June 30, 2021, we had net cash generated from operating activities of RMB1,397.6 million, resulting from our profit before income tax of RMB1,432.3 million adjusted for non-cash and non-operating items of RMB1,250.6 million, income tax payment of RMB86.1 million, interest earned of RMB4.2 million and positive movements in working capital of RMB1,297.8 million. Positive movements in working capital primarily reflected: (i) a decrease of RMB940.6 million in accounts and other receivables in connection with our business operations, (ii) a decrease of RMB272.0 million in financial assets purchased under resale agreements, (iii) an increase of RMB870.0 million in financial assets sold under repurchase agreements, (iv) an increase of RMB757.4 million in payable to brokerage clients, and (v) an increase of RMB134.3 million in contract liabilities, and offset by (vi) an increase of RMB2.5 million in amounts due from related parties, (vii) a decrease of RMB0.4 million in amounts due to related parties, (viii) an increase of RMB757.4 million in cash held on behalf of brokerage clients, (ix) an increase of RMB439.5 million in financial assets at fair value through profit or loss, and (x) a decrease of RMB476.8 million in accounts and other payables.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CASH FLOWS (CONTINUED)

Cash Flows from Investing Activities

Cash outflows from investing activities primarily consist of our purchase of property and equipment, intangible assets, financial assets at fair value through profit or loss (non-current), financial assets at fair value through other comprehensive income, term deposits, investments in associates, investment in a joint venture, loan receivables and other financial assets. Cash inflows from investing activities primarily consist of proceeds from disposal of financial assets at fair value through profit or loss, investment returns received from associates, interest received, proceeds from disposal of other financial assets, maturity of term deposits, and repayment of loan receivables.

For the six months ended June 30, 2022, net cash generated from investing activities was RMB390.2 million, primarily due to (i) proceeds of RMB648.3 million from disposal of financial assets at fair value through profit or loss, (ii) net proceeds of RMB214.6 million from the maturity of term deposits, (iii) investment returns of RMB43.0 million received from associates, (iv) net cash inflows of RMB37.4 million from foreign currency forward contracts, (v) repayment of RMB14.1 million from related parties, (vi) interest received of RMB7.6 million and (vii) proceeds of RMB3.4 million from disposal of other financial assets, and offset by (viii) loans to third parties of RMB177.3 million, (ix) acquisition of investments in associates of RMB142.1 million, (x) net cash outflows for the purchase of financial assets at fair value through profit or loss of RMB210.9 million, (xi) purchase of intangible assets of RMB19.8 million, (xii) advance to related parties of RMB15.1 million and (xiii) purchase of property and equipment of RMB1.3 million.

For the six months ended June 30, 2021, net cash used in investing activities was RMB607.1 million, primarily due to (i) loans to third parties of RMB54.9 million, (ii) acquisition of investments in associates and a joint venture of RMB101.5 million, (iii) net cash outflows for the purchase of financial assets at fair value through profit or loss of RMB472.1 million, (iv) net cash outflows for the purchase of financial assets at fair value through other comprehensive income of RMB552.9 million, (v) purchase of intangible assets of RMB1.1 million, (vi) advance to related parties of RMB7.3 million and (vii) purchase of property and equipment of RMB17.3 million, and offset by (viii) net proceeds of RMB82.0 million from the maturity of term deposits, (ix) proceeds of RMB79.3 million from disposal of other financial assets, (x) repayment of loan from third parties of RMB237.5 million, (xi) proceeds of RMB39.7 million from disposal of financial assets at fair value through profit or loss, (xii) investment returns of RMB137.2 million received from associates, (xiii) proceeds of RMB8.0 million from disposal of associates, and (xiv) interest received of RMB17.8 million.

Cash Flows from Financing Activities

Financing activities primarily consist of issuances of ordinary shares for share option exercised, bank borrowings, structured notes, cash injection by third-party holders to consolidated structured entities, capital contribution from non-controlling shareholders, purchase of shares to be held under share award scheme, repurchase of shares, distribution of dividends to non-controlling shareholders, cash repayment to third-party holders of consolidated structured entities, repayment of lease liabilities, repayments of financial liabilities at fair value through profit or loss, and interest paid on the banking borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CASH FLOWS (CONTINUED)

Cash Flows from Financing Activities (Continued)

For the six months ended June 30, 2022, net cash used in financing activities was RMB86.6 million, primarily due to (i) repayment of bank borrowings of RMB166.4 million, (ii) cash repayment to third-party holders of consolidated structured entities of RMB20.8 million, (iii) redemption of structured notes of RMB171.3 million, (iv) repayments of leases liabilities of RMB26.7 million, (v) distribution of RMB13.2 million to non-controlling shareholders, (vi) interest paid for the bank borrowing of RMB35.0 million and (vii) payment of RMB24.8 million on repurchase of Shares, and offset by (viii) proceeds of RMB169.7 million from bank borrowings, (ix) proceeds of RMB20.5 million from issuance of ordinary shares for share options exercised, (x) cash injection by third-party holders of consolidated structured entities of RMB27.9 million; and (xi) proceeds of RMB153.4 million from issuance of structured notes.

For the six months ended June 30, 2021, net cash used in financing activities was RMB136.5 million, primarily due to (i) repayment of bank borrowings of RMB357.9 million, (ii) cash repayment to third-party holders of consolidated structured entities of RMB186.5 million, (iii) repayments of financial liability at fair value through profit or loss of RMB314.4 million, (iv) repayments of leases liabilities of RMB27.9 million, (v) distribution of RMB12.5 million to non-controlling shareholders and (vi) interest paid for the bank borrowing of RMB51.8 million, and offset by (vii) proceeds of RMB745.9 million from bank borrowings, (viii) proceeds of RMB38.6 million from issuance of ordinary shares for share options exercised, (ix) cash injection by third-party holders of consolidated structured entities of RMB18.4 million, and (x) capital contribution from non-controlling shareholders of RMB11.6 million.

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 RMB'000	As of December 31, 2021 RMB'000
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	3,221,728	4,970,159

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

INTERIM DIVIDENDS (CONTINUED)

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

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

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at June 30, 2022, the interests and short positions of our Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix 10 to the Listing Rules were as follows:

(i) Interest in Shares and underlying Shares

Name of Director	Nature of interest	Number of ordinary shares	Approximate percentage of holding ⁽¹⁾
Mr. Bao ⁽²⁾	Interest in a controlled corporation	230,367,332	41.45%
	Settlor of a trust who can influence how the trustee exercises the voting power of its shares	31,502,394	5.67%
	Beneficial owner	5,052,600	0.91%
	Beneficiary of a trust	3,256,724	0.59%
	Other	4,611,162	0.83%
Mr. Xie Yi Jing ⁽³⁾	Beneficial owner	400,000	0.07%
	Beneficiary of a trust	824,234	0.15%
Mr. Wang Lixing ⁽⁴⁾	Beneficial owner	2,721,092	0.49%
	Beneficiary of a trust	1,699,678	0.31%
Mr. Liu Xing	Beneficial owner	506,504	0.09%
	Interest of spouse	4,851	0.0009%

OTHER INFORMATION (CONTINUED)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS (CONTINUED)

(i) Interest in Shares and underlying Shares (Continued)

Notes:

- The calculation is based on the total number of 555,832,776 Shares in issue as at June 30, 2022.
- FBH Partners owns 81.73% equity interest in CR Partners. Mr. Bao owns 79% of the equity interest in FBH Partners, and as a result of a voting proxy granted by Ms. Hui Yin Ching, Mr. Bao's spouse, the 21% owner of FBH Partners, over all her equity interests in FBH Partners, Mr. Bao controls 100% of the voting power at the general meetings of FBH Partners. Under the SFO, Mr. Bao is deemed to be interested in the 218,127,332 Shares held by CR Partners. In addition, Mr. Bao owns 100% equity interest in Best Fellowship Limited. Under the SFO, Mr. Bao is deemed to be interested in the 12,240,000 Shares held by Best Fellowship Limited. Separately, as Mr. Bao is the settlor of Sky Allies Trust Scheme who can influence how Infiniti Trust (Hong Kong) Limited exercises the voting of its 31,502,394 Shares held through Sky Allies Development Limited for the trust, under the SFO, Mr. Bao is also deemed to be interested in the 31,502,394 Shares held by Sky Allies Development Limited. Separately, Mr. Bao directly holds 4,972,600 Shares and is entitled to receive 80,000 Shares pursuant to the exercise of his options granted under the ESOP. Accordingly, Mr. Bao is the beneficial owner of an aggregate of 5,052,600 Shares. Additionally, pursuant to the RSU Plan of the Company, Mr. Bao is a beneficiary of 3,256,724 Shares held by Go Perfect Development Limited, a trust under the RSU Plan. Separately, Mr. Bao is entitled to use the voting rights in respect of 4,611,162 Shares held by Go Perfect Development Limited in accordance with the terms of the RSU Plan.
- Mr. Xie Yi Jing is entitled to receive 400,000 Shares pursuant to the exercise of his options granted under the ESOP of the Company. Separately, pursuant to the RSU Plan of the Company, Mr. Xie Yi Jing is a beneficiary of 824,234 Shares held by Go Perfect Development Limited, a trust under the RSU Plan.
- Mr. Wang Lixing is entitled to receive 2,721,092 Shares pursuant to the exercise of his options granted under the ESOP and 1,189,678 Shares pursuant to restricted shares granted to him under the RSU Plan. Separately, Mr. Wang Lixing also has an indirect interest in a long position of 510,000 Shares.

(ii) Interest in associated corporations

Name of Director	Name of member of the Group	Capacity/ Nature of interest	Amount of registered capital (RMB)	Approximate percentage of holding
Mr. Bao	Tianjin Huahuang	Interests held as a limited partner	1,000,000	6.67%
	Huaxing Associates, L.P.	Interests held as a limited partner through controlled corporation ⁽¹⁾	Not applicable	Not applicable
	Huaxing Associates II, L.P.	Interests held as a limited partner through controlled corporation ⁽¹⁾	Not applicable	Not applicable
	Huaxing Associates III, L.P.	Interests held as a limited partner through controlled corporation ⁽¹⁾	Not applicable ⁽²⁾	Not applicable ⁽²⁾
	Huaxing Growth Capital Partners Feeder, L.P.	Interest held as a limited partner through controlled corporation ⁽¹⁾	Not applicable	Not applicable

Notes:

- Mr. Bao holds limited partnership interest through FBH Partners, a special purpose vehicle controlled by Mr. Bao.
- In Huaxing Associates III, L.P., the capital commitment of FBH Partners (being a special purpose vehicle controlled by Mr. Bao) is US\$1,000,000, which accounts 4.96% of the total capital commitment of partners of Huaxing Associates III, L.P.

OTHER INFORMATION (CONTINUED)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS (CONTINUED)

(ii) Interest in associated corporations (Continued)

Save as disclosed above, as at June 30, 2022, so far as is known to any Director or the chief executive of the Company, none of the Directors nor the chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the Director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2022, so far as the Directors are aware, the following persons (other than our Directors or chief executives of our Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of interest	Number of ordinary shares	Approximate percentage of holding ⁽¹⁾
CR Partners ⁽²⁾	Beneficial owner	218,127,332	39.24%
FBH Partners ⁽²⁾	Interest in a controlled corporation	218,127,332	39.24%
Mr. Bao ⁽²⁾	Interest in a controlled corporation	230,367,332	41.45%
	Settlor of a trust who can influence how the trustee exercises the voting power of its shares	31,502,394	5.67%
	Beneficial owner	5,052,600	0.91%
	Beneficiary of a trust (other than a discretionary interest)	3,256,724	0.59%
	Other	4,611,162	0.83%
Renaissance Greenhouse HK Limited ⁽³⁾	Beneficial owner	34,000,484	6.12%
CW Renaissance Holdings Limited ⁽³⁾	Interest in a controlled corporation	34,000,484	6.12%
Chengwei Capital HK Limited ⁽³⁾	Interest in a controlled corporation	34,000,484	6.12%
Chengwei Evergreen Capital, LP ⁽³⁾	Interest in a controlled corporation	34,000,484	6.12%
Chengwei Evergreen Management, LLC ⁽³⁾	Interest in a controlled corporation	34,000,484	6.12%
Mr. Li Shujun ⁽⁴⁾	Interest in a controlled corporation	35,390,872	6.37%
Sky Allies Development Limited ⁽⁵⁾	Nominee for another person (other than a trustee)	31,502,394	5.67%
Infiniti Trust (Hong Kong) Limited ⁽⁵⁾	Trustee	31,502,394	5.67%

OTHER INFORMATION (CONTINUED)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (CONTINUED)

Notes:

1. The calculation is based on the total number of 555,832,776 Shares in issue as at June 30, 2022.
2. FBH Partners owns 81.73% equity interest in CR Partners. Mr. Bao owns 79% of the equity interest in FBH Partners, and as a result of a voting proxy granted by Ms. Hui Yin Ching, Mr. Bao's spouse, the 21% owner of FBH Partners, over all her equity interests in FBH Partners, Mr. Bao controls 100% of the voting power at the general meetings of FBH Partners. Under the SFO, Mr. Bao is deemed to be interested in the 218,127,332 Shares held by CR Partners. In addition, Mr. Bao owns 100% equity interest in Best Fellowship Limited. Under the SFO, Mr. Bao is deemed to be interested in the 12,240,000 Shares held by Best Fellowship Limited. Separately, as Mr. Bao is the settlor of Sky Allies Trust Scheme who can influence how Infiniti Trust (Hong Kong) Limited exercises the voting of its 31,502,394 Shares held through Sky Allies Development Limited for the trust. Under the SFO, Mr. Bao is also deemed to be interested in the 31,502,394 Shares held by Sky Allies Development Limited. Separately, Mr. Bao directly holds 4,972,600 Shares and is entitled to receive 80,000 Shares pursuant to the exercise of his options granted under the ESOP. Accordingly, Mr. Bao is the beneficial owner of an aggregate of 5,052,600 Shares. Additionally, pursuant to the RSU Plan, Mr. Bao is a beneficiary of 3,256,724 Shares held by Go Perfect Development Limited, a trust under the RSU Plan. Separately, Mr. Bao is entitled to exercise the voting rights in respect of 4,611,162 Shares held by Go Perfect Development Limited in accordance with the terms of the RSU Plan.
3. Renaissance Greenhouse HK Limited is wholly-owned by CW Renaissance Holdings Limited, which is in turn wholly-owned by Chengwei Capital HK Limited. Chengwei Capital HK Limited is wholly-owned by Chengwei Evergreen Capital, LP, which is controlled by Chengwei Evergreen Management, LLC. Under the SFO, each of CW Renaissance Holdings Limited, Chengwei Capital HK Limited, Chengwei Evergreen Capital, LP and Chengwei Evergreen Management, LLC is interested in the 34,000,484 Shares held by Renaissance Greenhouse HK Limited.
4. Greenhouse CR Holdings Co., Ltd. is wholly-owned by Trustbridge Partners IV, L.P., whose general partner is TB Partners GP4, L.P.. The general partner of TB Partners GP4, L.P. is TB Partners GP Limited, whose sole shareholder is Mr. Li Shujun. Greenhouse CR Holdings II Co., Ltd. is wholly-owned by Trustbridge Partners V, L.P., whose general partner is TB Partners GP5, L.P.. The general partner of TB Partners GP5, L.P. is TB Partners GP5 Limited, whose sole shareholder is Mr. Li Shujun. Under the SFO, Mr. Li Shujun is deemed to be interested in the 19,869,350 Shares held by Greenhouse CR Holdings Co., Ltd. and the 15,521,522 Shares held by Greenhouse CR Holdings II Co., Ltd. in the capacity of holders of interests in controlled corporations as opposed to beneficial owners.
5. The entire share capital of Sky Allies Development Limited is held by Infiniti Trust (Hong Kong) Limited as trustee of Sky Allies Trust Scheme for the benefit of selected employees. Sky Allies Development Limited holds the subject shares in our Company as nominee in trust for Infiniti Trust (Hong Kong) Limited as trustee of Sky Allies Trust Scheme.

Save as disclosed above, as at June 30, 2022, no other persons (other than our Directors or chief executives of our Company) had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

OTHER INFORMATION (CONTINUED)

SHARE OPTION SCHEMES

1. Employee's Share Option Plan

The purpose of the ESOP is to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected employees, directors and consultants and to promote the success of the Company's business by offering these individuals an opportunity to acquire a proprietary interest in the success of the Company or to increase this interest, by issuing them Shares or by permitting them to purchase Shares.

As at June 30, 2022, (a) our Directors were holding unexercised options under the ESOP to subscribe for a total of 3,201,092 Shares, representing 0.58% of the issued share capital of our Company, and (b) other grantees were holding unexercised options under the ESOP to subscribe for a total of 15,274,688 Shares, representing approximately 2.75% of the issued share capital of our Company, details of which are as follows:

Name or category of grantee	Date of grant	Vesting period	The period during which options are exercisable	Exercise price	Number of options			
					Outstanding as at December 31, 2021	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	Outstanding as at June 30, 2022
Director								
Mr. Bao	April 1, 2017	5 years from the date of grant	15 years from the date of grant	US\$0.625	4,000,000	4,000,000	–	–
	April 1, 2018	5 years from the date of grant	15 years from the date of grant	US\$0.75	160,000	80,000	–	80,000
Mr. Xie Yi Jing	April 1, 2018	5 years from the date of grant	15 years from the date of grant	US\$0.75	400,000	–	–	400,000
Mr. Wang Lixing	January 1, 2015	5 years from the date of grant	15 years from the date of grant	US\$0.25	350,000	–	–	350,000
	January 1, 2016	5 years from the date of grant	15 years from the date of grant	US\$0.625	771,092	–	–	771,092
	April 1, 2017	5 years from the date of grant	15 years from the date of grant	US\$0.625	700,000	–	–	700,000
	April 1, 2018	5 years from the date of grant	15 years from the date of grant	US\$0.75	900,000	–	–	900,000
Other grantees								
In aggregate	Between November 5, 2012 and April 1, 2018	Up to 5 years from the date of grant or specific date	15 years from the date of grant	Between US\$0.25 and US\$0.75	16,878,688	1,388,000	216,000	15,274,688
Total					24,159,780	5,468,000	216,000	18,475,780

OTHER INFORMATION (CONTINUED)

SHARE OPTION SCHEMES (CONTINUED)

1. Employee's Share Option Plan (Continued)

Details of the movements during the six months ended June 30, 2022 of the options granted under the ESOP are as follows:

Date of grant	As at December 31, 2021	Number of share options			As at June 30, 2022	Exercise price	Exercise period
		Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period			
November 5, 2012	486,000	—	46,000	—	440,000	US\$0.25	2022
January 1, 2013	300,000	—	—	—	300,000	US\$0.375	2022
January 1, 2014	791,000	—	15,000	—	776,000	US\$0.25	2022
January 1, 2015	5,607,000	—	900,000	—	4,707,000	US\$0.25	2022
October 1, 2015	62,500	—	—	—	62,500	US\$0.25	2022
January 1, 2016	1,467,092	—	38,000	120,000	1,309,092	US\$0.625	2022
January 1, 2016	200,000	—	—	—	200,000	US\$0.25	2022
July 1, 2016	470,000	—	—	—	470,000	US\$0.625	2022
January 1, 2017	50,000	—	—	—	50,000	US\$0.625	2022
April 1, 2017	7,492,000	—	4,201,000	—	3,291,000	US\$0.625	2022
April 1, 2018	6,614,188	—	268,000	96,000	6,250,188	US\$0.75	2022

No options under the ESOP were granted during the six months ended June 30, 2022. 216,000 options under the ESOP were cancelled during the six months ended June 30, 2022.

2. RSU Plan

The RSU Plan was approved by the Board on June 15, 2018.

The purpose of the RSU Plan is to enable the officers, employees or directors of, and consultants to, the Group to share in the success of the Company, in order to assure a closer identification of the interests of such persons with those of the Group and stimulate the efforts of such persons on the Company Group's behalf.

During the six months ended June 30, 2022, the Company granted an aggregate of 7,474,935 RSUs to 78 grantees, among whom 9 grantees are connected persons of the Company, in accordance with the terms of the RSU Plan.

OTHER INFORMATION (CONTINUED)

SHARE OPTION SCHEMES (CONTINUED)

2. RSU Plan (Continued)

Details of RSUs granted and vested pursuant to the RSU Plan to our Directors are set out below:

Name of Director	Date of grant	Granted on the relevant grant date	Vested during the Reporting Period	Forfeited during the Reporting Period	Vesting Period
Mr. Bao Fan	April 1, 2019	762,435	127,072	—	April 1, 2019–July 1, 2023
	April 1, 2020	511,898	168,926	—	April 1, 2020–April 1, 2023
	April 1, 2021	900,787	219,244	—	April 1, 2021–April 1, 2024
	April 1, 2022	1,395,428	—	—	April 1, 2022–April 1, 2025
Mr. Xie Yi Jing	April 1, 2019	182,983	30,497	—	April 1, 2019–July 1, 2023
	April 1, 2020	136,506	45,047	—	April 1, 2020–April 1, 2023
	April 1, 2021	133,601	26,859	—	April 1, 2021–April 1, 2024
	July 1, 2021	8,515	2,895	—	April 1, 2021–April 1, 2024
	April 1, 2022	396,174	—	—	April 1, 2022–April 1, 2025
Mr. Wang Lixing	April 1, 2019	466,380	77,730	—	April 1, 2019–July 1, 2023
	April 1, 2020	267,397	88,241	—	April 1, 2020–April 1, 2023
	April 1, 2021	323,071	64,386	—	April 1, 2021–April 1, 2024
	April 1, 2022	163,922	—	—	April 1, 2022–April 1, 2025

Movements in the number of RSUs outstanding are as follows:

	Number of RSUs
As of December 31, 2021	10,185,576
Granted	7,474,935
Forfeited	(215,273)
Vested	(3,133,547)
Outstanding balance as of June 30, 2022	14,311,691

Number of Shares underlying the RSUs

Further details of the ESOP and the RSU Plan are set out in the section headed “Statutory and General Information” on Appendix IV of the Prospectus and Note 27 to the consolidated financial statements for the six months ended June 30, 2022.

OTHER INFORMATION (CONTINUED)

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders.

The Company has adopted the principles and code provisions of the CG Code as the basis of the Company's corporate governance practices, and the CG Code has been applicable to the Company with effect from the Listing Date.

Save for code provision C.2.1 of the CG Code, the Company has complied with all the applicable code provisions set out in the CG Code throughout the six months ended June 30, 2022.

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 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 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.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding Directors' dealings in the securities of the Company. The provisions under the Listing Rules in relation to compliance with the Model Code by the Directors regarding securities transactions have been applicable to the Company since the Listing Date.

Having made specific enquiry of all the Directors of the Company, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code throughout 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 this Interim Report, 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.

OTHER INFORMATION (CONTINUED)

USE OF NET PROCEEDS FROM LISTING

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

As at June 30, 2022, approximately HK\$2,447.7 million of the net proceeds had been utilized. The following table sets forth the status of the use of proceeds from the Company's initial public offering as of June 30, 2022.

	% of use of proceeds	Net proceeds from the initial public offering HK\$ million	Actual usage up to December 31, 2021 HK\$ million	Actual usage for the six months ended June 30, 2022 HK\$ million	Unutilized amount as at June 30, 2022 HK\$ million	Expected timeline of full utilisation of the balance
Expand our investment banking business	40%	1,007.0	1,007.0	—	—	—
Expand our investment management business	20%	503.5	503.5	—	—	—
Develop private wealth management business	20%	503.5	503.5	—	—	—
Invest in technology across all our business lines	10%	251.8	157.9	24.0	69.9	2023
General corporate purposes	10%	251.8	251.8	—	—	—
Total		2,517.6	2,423.7	24.0	69.9	

CHANGE IN DIRECTOR'S INFORMATION

As at the date of this Interim Report, there is no change in information of the Directors of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

On May 26, 2021, the Company as borrower entered into a facility agreement (the "Facility Agreement") with Bank of Communications (Hong Kong) Limited as mandated lead arranger and bookrunner, a syndicate of banks as lenders including but not limited to China CITIC Bank International Limited, China Merchants Bank Co., Ltd., Hong Kong Branch, Bank of China Limited Macau Branch, Hua Xia Bank Co., Limited Hong Kong Branch, Nanyang Commercial Bank, Limited, Luso International Banking Limited and Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, among others, for a syndicated term loan in the total principal amount of up to US\$300,000,000 (the "Facilities"). The Facilities have a final repayment date falling 36 months from the first drawdown date.

OTHER INFORMATION (CONTINUED)

As provided in the Facility Agreement, it is one of the events allowing the majority lenders to cancel their commitments and require immediate mandatory prepayment of all the outstanding loans under the Facilities if Mr. Bao Fan, the Chief Executive Officer, Chairman of the Board and our controlling shareholder, ceases to (i) remain as the single largest shareholder (directly or indirectly) of the Company; or (ii) remain as the Chairman of the Board.

The above undertakings contain covenants relating to specific performance of the controlling shareholders of the Company which are subject to disclosure under Rule 13.21 of the Listing Rules. For details, please refer to the Company's announcement dated May 26, 2021.

Save as disclosed above, the Company did not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules during the six months ended June 30, 2022.

CARRIED INTEREST DISTRIBUTION DURING THE REPORTING PERIOD

As disclosed in the section headed "Connected Transactions — Waiver Applications — 1. Carried Interest Distribution Framework Agreement" of the Prospectus, the Company will disclose in its subsequent interim and annual reports: (i) the amount of carried interest received by each of the Connected Investment Team Members (on a named basis) during the relevant reporting period; and (ii) the amount of carried interest that the Group receives from each of the Relevant Investment Funds (save for project funds which will be disclosed on an aggregated basis) during the relevant reporting period.

During the six months ended June 30, 2022, (i) the Group did not make any distribution of carried interest to the Connected Investment Team Members; and (ii) carried interest in the total amount of RMB32,751,680 was received by the general partner of the relevant investment funds as set out below:

Name of relevant investment funds	Amount of carried interest received by the general partner of the fund (RMB)
Huaxing Growth Capital USD Fund I	9,334,950
Huaxing Growth Capital USD Fund II	2,307,110
Project fund(s)	21,109,620

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. 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.

OTHER INFORMATION (CONTINUED)

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended June 30, 2022 and the Interim Report. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members 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 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 Interim Report.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of China Renaissance Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Renaissance Holdings Limited (the “Company”) and its subsidiaries set out on pages 40 to 93, which comprise the condensed consolidated statement of financial position as of June 30, 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

August 30, 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2022

	Notes	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
Total revenue		603,705	1,047,963
Net investment (losses) gains	4	(91,418)	1,410,358
Total revenue and net investment gains or losses		512,287	2,458,321
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	19	(7,130)	(14,766)
Finance costs		(43,005)	(66,168)
Other operating expenses		(158,835)	(172,491)
Total operating expenses		(585,623)	(1,053,362)
Operating (loss) profit		(73,336)	1,404,959
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	14	1,490	(7,570)
(Loss) profit before tax		(113,959)	1,432,349
Income tax expense	7	(84,079)	(155,722)
(Loss) profit for the period	8	(198,038)	1,276,627

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR
LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)**
For the six months ended June 30, 2022

	Notes	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)
Other comprehensive income (expense) for the period, net of tax		147,759	(95,468)
Total comprehensive (expense) income for the period		(50,279)	1,181,159
(Loss) profit for the period attributable to:			
– Owners of the Company		(153,735)	1,228,474
– Non-controlling interests		(44,303)	48,153
		(198,038)	1,276,627
Total comprehensive (expense) income for the period attributable to:			
to:			
– Owners of the Company		(7,047)	1,133,544
– Non-controlling interests		(43,232)	47,615
		(50,279)	1,181,159
(Loss) earnings per share			
Basic	10	RMB(0.30)	RMB2.49
Diluted	10	RMB(0.30)	RMB2.32

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	Notes	June 30, 2022 RMB'000 (unaudited)	December 31, 2021 RMB'000 (audited)
Non-current assets			
Property and equipment	11	156,171	178,243
Intangible assets	12	100,048	88,953
Deferred tax assets		91,111	168,536
Investments in associates	13	1,651,757	1,615,923
Investments in joint ventures		39,073	43,306
Financial assets at fair value through profit or loss	14	2,170,526	3,981,583
Financial assets at fair value through other comprehensive income	15	182,134	359,610
Rental deposits		19,497	19,107
Loans to third parties	16	183,585	—
		4,593,902	6,455,261
Current assets			
Accounts and other receivables	17	901,111	760,118
Financial assets purchased under resale agreements	18	5,800	109,005
Loans to third parties	16	—	4,579
Amounts due from related parties	28	1,368,120	64,682
Financial assets at fair value through profit or loss	14	2,970,659	2,894,129
Financial assets at fair value through other comprehensive income	15	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
Current liabilities			
Accounts and other payables	20	1,300,783	1,036,061
Financial assets sold under repurchase agreements	21	469,292	760,022
Short-term debt instrument issued	22	142,729	160,954
Payable to brokerage clients	23	1,792,446	1,211,127
Payables to interest holders of consolidated structured entities	24	267,802	390,299
Amounts due to related parties	28	1,438	13,185
Contract liabilities		139,710	59,713
Bank borrowings	25	605,609	587,596
Lease liabilities		57,227	57,423
Income tax payables		99,231	180,976
		4,876,267	4,457,356
Net current assets		4,983,226	3,251,549
TOTAL ASSETS LESS CURRENT LIABILITIES		9,577,128	9,706,810

**CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL POSITION (CONTINUED)**
As at June 30, 2022

	Notes	June 30, 2022 RMB'000 (unaudited)	December 31, 2021 RMB'000 (audited)
Non-current liabilities			
Lease liabilities		79,895	94,638
Bank borrowings	25	1,711,407	1,625,804
Contract liabilities		4,928	6,671
Deferred tax liabilities		67,405	72,182
		1,863,635	1,799,295
NET ASSETS		7,713,493	7,907,515
Capital and reserves			
Share capital	26	91	90
Reserves		6,684,358	6,825,942
Equity attributable to owners of the Company		6,684,449	6,826,032
Non-controlling interests		1,029,044	1,081,483
		7,713,493	7,907,515

The condensed consolidated financial statements on pages 40 to 93 were approved and authorised for issue by the board of directors on August 30, 2022 and were signed on its behalf by.

Bao Fan
CHAIRMAN

Xie Yi Jing
EXECUTIVE DIRECTOR

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2022

Notes	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Treasury stock	Share premium	Other reserves	Surplus reserve	Retained earnings	Reserves sub-total	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(note)						
At January 1, 2022 (audited)	90	(6)	6,211,260	(489,124)	30,471	1,073,341	6,825,942	6,826,032	1,081,483	7,907,515
Loss for the period	-	-	-	-	-	(153,735)	(153,735)	(153,735)	(44,303)	(198,038)
Other comprehensive income for the period	-	-	-	146,688	-	-	146,688	146,688	1,071	147,759
Total comprehensive income (expense) for the period	-	-	-	146,688	-	(153,735)	(7,047)	(7,047)	(43,232)	(50,279)
Recognition of equity-settled share-based payment expense	27	-	-	70,923	-	-	70,923	70,923	-	70,923
Share options exercised	27	1	-	48,417	(27,914)	-	20,503	20,504	-	20,504
Restricted share units vested	27	-	1	29,037	(29,038)	-	-	-	-	-
Dividends to shareholders	9	-	-	-	-	(201,114)	(201,114)	(201,114)	-	(201,114)
Dividends to non-controlling shareholders		-	-	-	-	-	-	-	(9,207)	(9,207)
Purchase of shares held under share award scheme	27	-	-	(24,849)	-	-	(24,849)	(24,849)	-	(24,849)
Balance at June 30, 2022 (unaudited)	91	(5)	6,288,714	(353,314)	30,471	718,492	6,684,358	6,684,449	1,029,044	7,713,493

**CONDENSED CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (CONTINUED)**
For the six months ended June 30, 2022

	Attributable to owners of the Company										
	Notes	Share capital RMB'000	Treasury stock RMB'000	Share premium RMB'000	Other reserves RMB'000 (note)	(Accumulated		Reserves sub-total RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
						reserve	retained earnings				
At January 1, 2021 (audited)		87	(6)	6,316,235	100,076	29,734	(550,284)	5,895,755	5,895,842	1,486,136	7,381,978
Profits for the period		-	-	-	-	-	1,228,474	1,228,474	1,228,474	48,153	1,276,627
Other comprehensive expense for the period		-	-	-	(94,930)	-	-	(94,930)	(94,930)	(538)	(95,468)
Total comprehensive (expense) income for the period		-	-	-	(94,930)	-	1,228,474	1,133,544	1,133,544	47,615	1,181,159
Capital contribution from non-controlling shareholders		-	-	-	-	-	-	-	-	11,628	11,628
Recognition of equity-settled share-based payment expense	27	-	-	-	30,140	-	-	30,140	30,140	-	30,140
Share options exercised	27	2	-	91,102	(52,470)	-	-	38,632	38,634	-	38,634
Restricted share units vested	27	-	1	17,286	(17,287)	-	-	-	-	-	-
Shares issued to the Trusts	27	1	(1)	-	-	-	-	(1)	-	-	-
Dividends to shareholders	9	-	-	-	-	-	(209,281)	(209,281)	(209,281)	-	(209,281)
Dividends to non-controlling shareholders		-	-	-	-	-	-	-	-	(12,506)	(12,506)
Share repurchased and cancelled	26	-	-	(14)	13	-	-	(1)	(1)	-	(1)
Balance at June 30, 2021 (unaudited)		90	(6)	6,424,609	(34,458)	29,734	468,909	6,888,788	6,888,878	1,532,873	8,421,751

Note: Other reserves mainly include (1) translation reserve; (2) investment revaluation reserve and expected credit losses for financial assets at fair value through other comprehensive income; (3) equity-settled share-based payment expense; (4) share repurchase reserve; and (5) reserve of acquisition of equity interest from non-controlling shareholders.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2022

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
(Loss) profit before tax	(113,959)	1,432,349
Adjustments for:		
Depreciation of property and equipment	35,121	42,601
Amortization of intangible assets	8,717	6,233
Interest income	(22,889)	(41,133)
Finance costs	43,005	66,168
Change in fair value of call option	(1,490)	7,570
Net investment losses (gains)	91,418	(1,410,358)
Investment (losses) gains attributable to interest holders of consolidated structured entities	(16,018)	52,535
Investment loss (income) arising from certain incidental and ancillary investments	30,201	(24,204)
Gain on partially disposal of an associate	(24,837)	—
Gains on disposal of associates	—	(2,239)
Impairment losses under expected credit loss model, net of reversal	7,130	14,766
Impairment loss on investment in a joint venture	—	3,124
Share of results of associates	2,295	2,203
Share of results of a joint venture	4,233	2,039
Share-based payment expense	70,923	30,140
Operating cash flows before movements in working capital	113,850	181,794
(Increase) decrease in accounts and other receivables	(130,897)	940,641
Decrease in financial assets purchased under resale agreements	103,317	271,995
Increase in amounts due from related parties	(56,762)	(2,498)
Decrease in amounts due to related parties	(11,747)	(407)
Increase in cash held on behalf of brokerage clients	(581,319)	(757,379)
Increase in financial assets at fair value through profit or loss	(30,948)	(439,459)
(Decrease) increase in financial assets sold under repurchase agreements	(298,879)	870,034
Increase (decrease) in accounts and other payables	67,559	(476,836)
Increase in payable to brokerage clients	581,319	757,379
Increase in contract liabilities	78,254	134,312
Cash (used in) generated from operations	(166,253)	1,479,576
Interest received	9,513	4,204
Income taxes paid	(93,000)	(86,141)
Net cash (used in) generated from operating activities	(249,740)	1,397,639

**CONDENSED CONSOLIDATED STATEMENT OF
CASH FLOWS (CONTINUED)**
For the six months ended June 30, 2022

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cash flows from investing activities		
Interest received	7,574	17,840
Purchases of property and equipment	(1,288)	(17,277)
Payments for rental deposits	—	(1,233)
Proceeds from rental deposits	—	3,510
Disposal of associates	—	8,000
Purchases of intangible assets	(19,775)	(1,051)
Purchases of financial assets at fair value through profit or loss	(210,850)	(472,106)
Proceeds from disposal of financial assets at fair value through profit or loss	648,253	39,662
Purchases of financial assets at fair value through other comprehensive income	—	(552,908)
Acquisition of investments in associates	(142,086)	(51,533)
Acquisition of investment in a joint venture	—	(50,000)
Investment returns received from associates	42,992	137,235
Proceeds from other financial assets	3,355	79,322
Placement of pledge bank deposits	(11,673)	(3,881)
Advance to related parties	(15,089)	(7,334)
Repayment from related parties	14,075	—
Placement of term deposits	(6,468)	(223,591)
Proceeds from term deposits	221,113	305,626
Origination of loans receivable	(177,349)	(54,911)
Repayment of loans receivable	—	237,501
Net cash inflows from foreign currency forward contracts	37,414	—
Net cash generated from (used in) investing activities	390,198	(607,129)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended June 30, 2022

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cash flows from financing activities		
Payment on repurchase of shares	—	(1)
Shares held under share award scheme	(24,849)	—
Proceeds from issuance of ordinary shares for share options exercised	20,504	38,634
Proceeds from bank borrowings	169,740	745,921
Repayment of bank borrowings	(166,375)	(357,881)
Interest paid	(34,951)	(51,805)
Repayments of leases liabilities	(26,720)	(27,923)
Proceeds from issuance of structured notes	153,400	—
Redemption of structured notes	(171,300)	—
Repayments of financial liability at fair value through profit or loss	—	(314,409)
Capital contribution from non-controlling shareholders	—	11,628
Distribution to non-controlling shareholders	(13,158)	(12,506)
Cash injection by third-party holders of consolidated structured entities	27,912	18,414
Cash repayment to third-party holders of consolidated structured entities	(20,815)	(186,536)
Net cash used in financing activities	(86,612)	(136,464)
Net increase in cash and cash equivalents	53,846	654,046
Cash and cash equivalents at beginning of the period	2,381,646	646,756
Effect of foreign exchange rate changes	119,491	(64,612)
Cash and cash equivalents at end of period	2,554,983	1,236,190

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2022

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.

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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)					Total consolidated RMB'000
	Investment banking RMB'000	Investment management RMB'000	CR Securities RMB'000	Others RMB'000	Consolidation adjustments and reconciling items 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)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2022

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

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

	Six months ended June 30, 2021 (unaudited)					Total consolidated RMB'000
	Investment banking RMB'000	Investment management RMB'000	CR Securities RMB'000	Others RMB'000	Consolidation adjustments and reconciling items 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						1,276,627

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2022

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

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”.

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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 (note)	
	Six months ended June 30, 2022	2021	At June 30, 2022	At December 31, 2021
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (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
	603,705	1,047,963	306,329	361,205

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
	RMB'000 (unaudited)	RMB'000 (unaudited)
A point of time	313,683	799,029
Over time	267,133	207,801
	580,816	1,006,830

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

4. NET INVESTMENT (LOSSES) GAINS

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(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
	(91,418)	1,410,358

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2022

5. OTHER INCOME, GAINS OR LOSSES

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

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).

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

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

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Passive Investment (Loss) Income from		
– Unlisted equity security investments	–	24,204
– Convertible notes (note)	(30,201)	–
	(30,201)	24,204

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.

Note:

As of June 30, 2022, the operation and development of the issuer of convertible notes has deteriorated significantly and has going concern matters, accordingly the fair value of the convertible notes has been decreased to nil as of June 30, 2022.

7. INCOME TAX EXPENSE

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

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

8. (LOSS) PROFIT FOR THE PERIOD

(Loss) profit for the period has been arrived at after charging:

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Depreciation of property and equipment	35,121	42,601
Amortisation of intangible assets	8,717	6,233
Expenses recognised relating to short-term leases	1,375	1,462
Staff costs, including directors' remuneration:		
– Directors' fees	418	521
– Salaries, bonus and other allowances	289,602	698,085
– Retirement benefit scheme contributions	18,516	15,810
– Equity-settled share-based payments expenses	70,923	30,140

9. DIVIDENDS

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

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).

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

10. (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 (RMB'000)	(153,735)	1,228,474
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	—	3,921,437
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	507,132,222	530,532,053
Basic (loss) earnings per share (RMB)	(0.30)	2.49
Diluted (loss) earnings per share (RMB)	(0.30)	2.32

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2022

11. MOVEMENT IN PROPERTY AND EQUIPMENT

During the current interim period, the Group paid approximately RMB1,288,000 (six months ended June 30, 2021: RMB17,277,000) for addition of property and equipment.

During the current interim period, the Group entered into one new lease agreement with lease term of 2.5 years (six months ended June 30, 2021: 2 to 5 years). The Group is required to make fixed monthly payments. On lease commencement, the Group recognised right-of-use assets of RMB10,227,000 (six months ended June 30, 2021: RMB35,760,000) and lease liability RMB10,171,000 (six months ended June 30, 2021: RMB35,476,000).

12. MOVEMENT IN INTANGIBLE ASSETS

For the six months ended June 30, 2022 and 2021, the Group did not dispose of any intangible assets. During the current interim period, the Group paid approximately RMB19,775,000 (six months ended June 30, 2021: RMB1,051,000) mainly on addition of internal developed software for the purpose of daily operation.

13. INVESTMENTS IN ASSOCIATES

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (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

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

13. INVESTMENTS IN ASSOCIATES (CONTINUED)

(a) Investments in unlisted companies

Name of entity	Country of registration	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			At	At	At	At	
			June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	
Fountainhead Partners Holding Company Limited ("Fountainhead") (Note 1)	Cayman Islands	Cayman Islands	11.80%	11.80%	11.80%	11.80%	Wealth management
Beijing Yuan Ji Hua Yi Sheng Wu Technology Co., Ltd ("HYSW") (Note 1, Note 2)	Beijing, PRC	PRC	14.93%	14.93%	14.93%	14.93%	Technology development
Beijing Huarui Zhixun Technology Limited ("HRZX") (Note 3)	Beijing, PRC	PRC	45.22%	45.22%	45.22%	45.22%	Marketing and business information services

Notes:

- 1) The Group is able to exercise significant influence because it has the power to appoint one out of the five directors under the Articles of Association of respective investee.
- 2) During the six months ended June 30, 2022, under the group reorganisation scheme of HYSW to rationalise its structure, HYSW disposed of its subsidiary, which led to the Group's partial disposal of its investment in HYSW to exchange for equity interests in an overseas company which under the control of HYSW's controlling shareholders. The investment in the overseas company is measured at fair value and included in "unlisted equity security investments" at FVTPL. The fair value of the Group's investment in HYSW disposed of at the reorganisation date was RMB62,806,000, which exceeded the net carrying amount of RMB37,969,000, and the gain from the disposal amounting to RMB24,837,000 was recognised in other income, gains or losses. The Group's remaining interests in HYSW is accounted for as investment in associates.
- 3) As at December 31, 2019, the operation and development of HRZX has deteriorated significantly, the carrying amount of the investment in HRZX is tested for impairment by comparing its recoverable amount with its carrying amount, and the investment in HRZX was fully impaired as at December 31, 2019. The operation of HRZX was not recovered in the six months ended June 30, 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2022

13. INVESTMENTS IN ASSOCIATES (CONTINUED)

(a) Investments in unlisted companies (continued)

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (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 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (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.

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

13. INVESTMENTS IN ASSOCIATES (CONTINUED)
(b) Investments in funds (continued)

	Place of incorporation	Ownership interest held	
		As at June 30, 2022	As at December 31, 2021
Material Funds			
Shanghai Huasheng Lingfei Equity Investment Partnership (Limited Partnership) ("HSLF")	Shanghai, PRC	1.02%	1.02%
Ningbo Meishan Bonded Port Area Huaxing Lingyun Equity Investment Partnership (Limited Partnership)	Ningbo, PRC	1.73%	1.73%
Huaxing Capital Partners, L.P.	Cayman Islands	9.13%	9.13%
Huaxing Capital Partners II, L.P.	Cayman Islands	3.17%	3.17%
Huaxing Growth Capital III, L.P.	Cayman Islands	3.45%	3.45%
Huaxing Growth Capital IV, L.P.	Cayman Islands	4.20%	4.20%
East Image Limited	BVI	20.50%	20.50%
Starwick Investment Limited	BVI	2.85%	2.85%
Beijing Ruizhi Medical Equity Investment Partnership (Limited Partnership) ("BJRZ")	Beijing, PRC	7.76%	7.76%

The Group is able to exercise significant influence over the above funds' operating and financial policies because it manages the funds' day to day investment and disposition activities on behalf of the fund under the constitutional document of above funds.

Summarised financial information of material fund investments

	As at June 30, 2022	As at December 31, 2021
	RMB'000 (unaudited)	RMB'000 (audited)
Funds		
HSLF		
Net asset value	8,772,159	9,688,948
Total comprehensive expense for the period/year	(575,233)	(3,746,077)
Ningbo Meishan Bonded Port Area Huaxing Lingyun Equity Investment Partnership (Limited Partnership)		
Net asset value	6,846,124	6,894,372
Total comprehensive (expense) income for the period/year	(34,671)	1,471,998

NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the six months ended June 30, 2022

13. INVESTMENTS IN ASSOCIATES (CONTINUED)
(b) Investments in funds (continued)

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
Funds		
Huaxing Capital Partners, L.P.		
Net asset value	180,550	306,134
Total comprehensive expense for the period/year	(92,797)	(281,001)
Huaxing Capital Partners II, L.P.		
Net asset value	1,051,335	1,316,246
Total comprehensive (expense) income for the period/ year	(193,532)	83,116
Huaxing Growth Capital III, L.P.		
Net asset value	5,556,431	6,261,071
Total comprehensive (expense) income for the period/ year	(652,454)	928,176
Huaxing Growth Capital IV, L.P.		
Net asset value	2,221,658	1,725,785
Total comprehensive (expense) income for the period/ year	(36,189)	219,211
East Image Limited		
Net asset value	1,124,604	1,344,655
Total comprehensive expense for the period/year	(290,852)	(223,408)
Starwick Investment Limited		
Net asset value	1,398,240	1,672,711
Total comprehensive expense for the period/year	(362,544)	(336,916)
BJRZ		
Net asset value	2,549,016	2,490,395
Total comprehensive income for the period/year	58,621	96,954

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

13. INVESTMENTS IN ASSOCIATES (CONTINUED)

(b) Investments in funds (continued)

Aggregate information of fund investments that are not individually material

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
Fair value change on funds	(11,931)	20,411
Carrying amount of the Group's investments in funds	480,942	297,972

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2022

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

- 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.

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

**15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER
COMPREHENSIVE INCOME**

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

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.

16. LOANS TO THIRD PARTIES

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2022

16. LOANS TO THIRD PARTIES (CONTINUED)

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. This loan was not repaid as of the date of this report.
- (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.

17. ACCOUNTS AND OTHER RECEIVABLES

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
Accounts receivables		
— Accounts receivable (note i)	100,661	86,333
— Open trade receivable (note ii)	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
Subtotal	911,513	770,138
Less: Impairment loss allowance	(10,402)	(10,020)
Total	901,111	760,118

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

17. ACCOUNTS AND OTHER RECEIVABLES (CONTINUED)

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
	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 19.

18. FINANCIAL ASSETS PURCHASED UNDER RESALE AGREEMENTS

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2022

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

	Six months ended June 30,	
	2022 RMB'000 (unaudited)	2021 RMB'000 (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)
	7,130	14,766

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.

20. ACCOUNTS AND OTHER PAYABLES

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
	Salaries, bonus and other benefit payables	385,726
Open trade payable (note)	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
	1,300,783	1,036,061

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.

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

21. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

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

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 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (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

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

22. SHORT-TERM DEBT INSTRUMENT ISSUED

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (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.

23. PAYABLE TO BROKERAGE CLIENTS

The majority of the payable balance is repayable on demand except where certain balances represent margin deposits and cash collateral received from clients for their trading activities under normal course of business. Only the excess amounts over the required margin deposits and cash collateral stipulated are repayable on demand.

Payable to brokerage clients mainly include cash held on behalf of clients at the banks and at the clearing houses by the Group, and are interest-bearing at the prevailing market interest rate.

As at June 30, 2022, the cash received from clients for securities lending and margin financing arrangement as collaterals, included in the Group's accounts payable to brokerage clients amounted to approximately RMB1,792,446,000 (December 31, 2021: RMB1,211,127,000).

**24. PAYABLES TO INTEREST HOLDERS OF CONSOLIDATED
STRUCTURED ENTITIES**

Payables to interest holders of consolidated structured entities consist of third-party holders' interests in these consolidated structured entities which are recognised as a liability since the Group has the obligation to pay other investors or limited partners upon the maturity dates of the structured entities based on the net asset value and related terms of those consolidated structured entities.

25. 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.

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

26. 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
	550,364,776		13,759
At January 1, 2022	550,364,776		13,759
Exercise of share options	5,468,000	0.000025	137
	555,832,776		13,896
At June 30, 2022	555,832,776		13,896
		As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
Presented as		91	90

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2022

27. SHARE-BASED PAYMENTS

(a) Details of the share option scheme of the Company

The share option scheme of the Company (the “Scheme”) was adopted pursuant to a resolution passed on August 24, 2012 for the primary purpose of providing incentives to eligible employees. The maximum number of shares that may be issued under the Scheme shall be 18,750,000 ordinary shares. Subsequently in 2015, the maximum number was approved to be expanded to 22,826,087 ordinary shares. After the share subdivision on August 28, 2018, the maximum number was adjusted to 91,304,348 ordinary shares.

The table below discloses movement of the Company’s share options held by the Group’s employees and executive directors:

	Number of share options
Outstanding as at January 1, 2022	24,159,780
Exercised during the period	(5,468,000)
Forfeited during the period	(216,000)
Outstanding as at June 30, 2022	18,475,780

Share-based compensation expenses of RMB44,039,000 for share options has been recognised in profit or loss for the six months ended June 30, 2022 (six months ended June 30, 2021: RMB5,754,000).

(b) Details of the employee restricted share scheme of the Company

The 2018 Restricted Share Unit (“RSU”) Plan of the Company was adopted pursuant to a resolution passed on June 15, 2018 for the primary purpose of providing incentives to eligible employees, directors and consultants. 46,000,000 shares have been issued to Honor Equity Limited and Sky Allies Development Limited (the “Trusts”) for distribution of shares corresponding to RSUs. The Company has control over the Trusts and waived the consideration for shares issued.

The Trusts purchase the Company’s shares in the open market using cash contributed by the Company to satisfy awards made under the share award scheme. During the six months ended June 30, 2022, the Trusts purchased 2,865,000 shares of the Company in the open market at a total consideration of RMB24,849,000 for the RSU Plan (six months ended June 30, 2021: nil).

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

27. SHARE-BASED PAYMENTS (CONTINUED)

(b) Details of the employee restricted share scheme of the Company (continued)

(1) Time-based RSU

The table below discloses movement of the Company's time-based RSUs held by the Group's employees and executive directors:

	Number of RSUs
Outstanding as at January 1, 2022	7,303,312
Granted during the period	7,474,935
Vested during the period	(3,133,547)
Forfeited during the period	(193,786)
Outstanding as at June 30, 2022	11,450,914

On April 1, 2022, the Company granted 7,174,935 time-based RSU to employees and will be vested yearly over three years with yearly instalments after April 1, 2022. The Group used share price of HK\$9.43 on April 1, 2022 to determine the fair value on grant date.

On April 1, 2022, the Company granted 300,000 time-based RSU to employees and will be vested yearly over two years with yearly instalments after April 1, 2022. The Group used share price of HK\$9.43 on April 1, 2022 to determine the fair value on grant date.

(2) Performance-based RSU

The table below discloses movement of the Company's performance-based RSUs held by the Group's employees and executive directors:

	Number of RSUs
Outstanding as at January 1, 2022	2,882,264
Forfeited during the period	(21,487)
Outstanding as at June 30, 2022	2,860,777

On April 1, 2022, the Company modified the performance condition of 3,262,414 performance-based RSUs that have been issued up to March 31, 2022 by reducing the Company's average share price to be achieved. The incremental fair value of RMB3,571,000 would be recognized in the condensed consolidated statement of profit or loss and other comprehensive income over the remaining vesting period.

Share-based compensation expenses of RMB26,884,000 for restricted shares has been recognised in profit or loss for the six months ended June 30, 2022 (six months ended June 30, 2021: RMB24,386,000).

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

28. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Group include major shareholders of the Company and entities/partnerships under their control, associates of the Group, entities/partnerships controlled by members of the board of directors and close family members of such individuals.

(a) Amounts due from related parties

Amounts due from related parties — trade nature

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
Wuxi Jiangyin Huaxing Lingjie Equity Investment Partnership (Limited Partnership)	1,252,199	—
Shenzhen Huasheng Lingxiang Equity Investment Partnership (Limited Partnership)	11,912	—
Huajie (Tianjin) Medical Investment Partnership (Limited Partnership)	2,956	—
Tianjin Huaxing Heli No.1 Medical Equity Investment Partnership (Limited Partnership)	2,397	—
Xiamen Huaxing Fengji Venture Investment Partnership (Limited Partnership)	1,000	—
Huaxing Yihui LLC	2,716	1,844
Huaxing Capital Partners, L.P.	5,588	4,342
Huaxing Capital Partners II, L.P.	36,625	35,827
HGC Partners IV, L.P.	8,209	—
Green Galaxy LLC	487	—
CR HB XI Venture Feeder, LP	564	277
Glory Galaxy LLC	201	261
Tianjin Huaxiao Investment Partnership (Limited Partnership)	335	250
CR Life Star Fund LLC	3,033	92
Huaxing Growth Capital III, L.P.	18,858	—
Shanghai Huasheng Lingjin Equity Investment Partnership (Limited Partnership)	149	—
Tianjin Huajie Haihe Health Investment Partnership (Limited Partnership)	1,465	2,896
Huaxing Yichong LLC	361	274
Ningbo Meishan Bonded Port Area Huahao Investment Management Partnership (Limited Partnership)	182	—
HX Pioneer Selection Limited	814	—
HX Advanced Selection Limited	433	253
HX Quality Selection Limited	441	198
HX Premium Selection Limited	317	175
Tianjin Huaxing Zhikai Venture Investment Partnership (Limited Partnership)	42	—
Shanghai Huasheng Lingshi Venture Investment Partnership (Limited Partnership)	—	30
Less: Impairment loss allowance	(3,624)	(898)
	1,347,660	45,821

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

28. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Amounts due from related parties (continued)

Amounts due from related parties — trade nature (continued)

These are funds managed by the Group in which the Group has significant influence. The trade balance represents the fee and carried interest receivable in relation to the fund management service provided by the Group, and the receivable in relation to investment portfolio transferred by the Group to Wuxi Jiangyin Huaxing Lingjie Equity Investment Partnership (Limited Partnership) (note 4), which is non-interest bearing.

The Group generally grants a credit period of 180 days to its related parties. Aging of amounts due from related parties-trade nature, based on invoice dates, are as follows:

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
0–30 days	1,284,096	1,718
31–60 days	91	1,915
61–90 days	8,908	1,717
91–180 days	15,394	5,453
181–360 days	34,904	35,018
>1 year	4,267	—
	1,347,660	45,821

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

28. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Amounts due from related parties (continued)

Amounts due from related parties — non-trade nature

	Notes	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
Huaxing Growth Capital IV, L.P.	i	14,066	1,082
Xiamen Huaxing Fengji Venture Investment Partnership (Limited Partnership)	i	358	—
Dazi Chonghua Enterprise Management Co., Ltd.	ii(a)	2,796	2,796
Xiamen Huazhan Qige Venture Investment Partnership (Limited Partnership)	i	549	—
Tianjin Huaxing Fengyao Consulting Partnership (Limited Partnership)	i	485	422
Suzhou Huaheng Venture Investment Center (Limited Partnership)	i	350	—
Suzhou Huaxing Zhiyuan Venture Investment Center (Limited Partnership)	i	150	—
Huaxing Yihui LLC	ii(b)	114	—
Glory Galaxy LLC	i	141	—
Huaxing Growth Capital III, L.P.	i	—	725
Huaxing Growth Capital Visions Feeder L.P.	i	231	216
Huaxing Growth Capital Associates Feeder, L.P.	i	202	192
Huaxing Growth Capital IV WM Feeder L.P.	i	171	163
BJRZ	i	671	638
Huaxing Growth Capital Medley Platform	i	—	9,707
Beijing Huajie Ruizhong Investment Management Center (Limited Partnership)	i	—	3,643
Other funds managed by the Group	i	495	181
Less: Impairment loss allowance		(319)	(904)
		20,460	18,861

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

28. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Amounts due to related parties

	Notes	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
Huaxing Growth Capital IV, L.P.	iii(a)	—	11,900
Hainan Beiye Intelligent Technology Co., Ltd.	iv	889	889
Dazi Huasheng Venture Investment Partnership (Limited Partnership)	v	549	396
		1,438	13,185

The credit period granted by the related parties ranges from 30 to 360 days. Aging of amounts due to related parties-trade nature are as follows:

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
0–30 days	50	12,825
31–60 days	—	34
61–90 days	25	36
91–180 days	78	98
181–360 days	1,285	192
	1,438	13,185

Payable to brokerage clients

	Notes	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
FBH Partners Limited (“FBH”)	vi(a)	—	238
CR Partners Limited	vii	—	7,237
Huaxing Growth Capital III L.P.	iii(b)	38,760	155,238
		38,760	162,713

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

28. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Amounts due to related parties (continued)

Contract liabilities

	As at June 30, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000 (audited)
Shanghai Huasheng Lingshi Venture Investment Partnership (Limited Partnership)	6,232	—
Ningbo Meishan Bonded Port Area Huahao Investment Management Partnership (Limited Partnership)	—	710
Shanghai Peixi Investment Management Partnership (Limited Partnership)	113	212
Tianjin Huaxing Heli No.1 Medical Equity Investment Partnership (Limited Partnership)	6,855	6,685
Shanghai Huasheng Lingfei Equity Investment Partnership (Limited Partnership)	41,637	3,255
Huajie (Tianjin) Medical investment Partnership (Limited Partnership)	—	277
Shenzhen Huasheng Lingxiang Equity Investment Partnership (Limited Partnership)	—	44
Ningbo Meishan Bonded Port Area Huaxing Lingyun Equity Investment Partnership (Limited Partnership)	50,933	3,431
Ningbo Meishan Bonded Port Area Huaxing Linghong Equity Investment Partnership (Limited Partnership)	9,387	—
BJRZ	12,862	—
Tianjin Huahong Consulting Partnership (Limited Partnership)	17	—
	128,036	14,614

These are funds managed by the Group in which the Group has significant influence and the balances represent advance payment of management fee from related parties in relation to the fund management services provided by the Group.

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

28. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) The transactions with related parties are listed out below:

	Notes	Six months ended June 30,	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Fund raising commission to:			
Beijing Pengyang Enterprise Management Co., Ltd.	viii	—	504
Tianjin Huaxing Heli No.2 Medical Equity Investment Partnership (Limited Partnership)	v	—	297
Dazi Huasheng Venture Investment Partnership (Limited Partnership)	v	154	192

	Notes	Six months ended June 30,	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Realised carried interest income:			
Huaxing Capital Partners, L.P.		9,335	4,124
Huaxing Capital Partners II, L.P.		2,307	—
Shenzhen Huasheng Lingxiang Equity Investment Partnership (Limited Partnership)		11,913	—
Suzhou Huaxing Zhitu Venture Investment Center (Limited Partnership)		9,197	—

Funds managed by the Group, and the Group recognised carried interest income from these entities.

	Notes	Six months ended June 30,	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Accrued carried interest to:			
FBH	vi(b)	2,418	969
High Fortune Investments Limited	ii(c)	472	184

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

28. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)
(c) The transactions with related parties are listed out below: (continued)

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Management fees from:		
Huaxing Capital Partners L.P.	10,321	1,039
Huaxing Capital Partners II, L.P.	6,456	6,064
East Classic Development Limited	129	—
West Supreme Limited	185	—
Shanghai Huasheng Lingshi Venture Investment Partnership (Limited Partnership)	6,210	8,092
Shanghai Huasheng Lingfei Equity Investment Partnership (Limited Partnership)	40,040	43,645
Huajie (Tianjin) Medical Investment Partnership (Limited Partnership)	7,767	9,467
Tianjin Huajie Haihe Health Investment Partnership (Limited Partnership)	1,382	1,355
Ningbo Meishan Bonded Port Area Huaxing Lingyun Equity Investment Partnership (Limited Partnership)	47,267	50,918
Ningbo Meishan Bonded Port Area Huaxing Linghong Equity Investment Partnership (Limited Partnership)	8,711	8,711
Green Galaxy LLC	473	469
Huaxing Yihui LLC	864	904
Shanghai Peixi Investment Management Partnership (Limited Partnership)	94	133
CR HB XI Venture Feeder, L.P.	267	272
East Image Limited	212	—
Ningbo Meishan Bonded Port Area Huahao Investment Management Partnership (Limited Partnership)	842	842
Huaxing Yichong LLC	70	139
Glory Galaxy LLC	65	65
Huaxing Growth Capital III, L.P.	36,697	31,955
Huaxing Growth Capital IV, L.P.	56,012	—
Tianjin Huaxiao Investment Partnership (Limited Partnership)	80	—
Wuxi Jiangyin Huaxing Lingjie Equity Investment Partnership (Limited Partnership)	4,109	—
Tianjin Huahong Consulting Partnership (Limited Partnership)	33	—

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

28. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)
(c) The transactions with related parties are listed out below: (continued)

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Management fees from: (continued)		
Tianjin Huaxing Fengze Venture Investment Partnership (Limited Partnership)	156	—
Suzhou Huaxing Zhiyuan Venture Investment Center (Limited Partnership)	142	—
Xiamen Huaxing Fengji Venture Investment Partnership (Limited Partnership)	338	—
Tianjin Huaxing Zhikai Venture Investment Partnership (Limited Partnership)	39	—
BJRZ	11,937	11,937
Tianjin Huaxing Heli No.1 Medical Equity Investment Partnership (Limited Partnership)	2,171	936
East Concept Development Limited	21	—
Starwick Investments Limited	126	—
Beijing Huajie Ruizhong Investment Management Center (Limited Partnership)	—	19
CR Life Star Fund LLC	2,283	2,364
Suzhou Huaheng Venture Investment Center (Limited Partnership)	330	—
Tianjin Huazhe Consulting Partnership (Limited Partnership)	—	80
Shanghai Huasheng Lingjin Equity Investment Partnership (Limited Partnership)	141	178
Suzhou Huaxing Zhitu Venture Investment Center (Limited Partnership)	9,197	—
Shenzhen Huasheng Lingxiang Equity Investment Partnership (Limited Partnership)	11,912	—
	267,079	179,584

These are funds managed by the Group in which the Group has significant influence. Management fees are received or receivable from the funds relating to the management service provided by the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2022

28. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) The transactions with related parties are listed out below: (continued)

Notes:

- i. Funds managed by the Group in which the Group has significant influence and the balances are unsecured, interest free and repayable on demand.
- ii. Entities controlled by shareholders of the Company,
 - a. The balance represents amount due from the entity in relation to certain investments disposed of by the Group.
 - b. The balance is unsecured, interest free and repayable on demand.
 - c. The Group accrued carried interest to the entity during the six months ended June 30, 2022 and 2021.
- iii. A fund managed by the Group in which the Group has significant influence,
 - a. The balances represent investment payable to the entity for fund capital.
 - b. The balances represent payable to brokerage clients entities in respect of dealing in securities, which are kept in segregated accounts.
- iv. Hainan Beiye Intelligent Technology Co., Ltd. is a joint venture of the Group, the balance represents amount due to the entity in relation to research and development services received by the Group for software development during the year ended December 31, 2021.
- v. An entity managed by the Group in which the Group has significant influence, provided fund raising services to the Group during the six months ended June 30, 2022 and 2021.
- vi. FBH and Mr. Bao Fan are controlling shareholders of the Group,
 - a. The balances represent amounts due to the controlling shareholders in respect of dealing in securities, which are kept in segregated accounts.
 - b. The Group accrued carried interest to the controlling shareholders during the six months ended June 30, 2022 and 2021.
- vii. An entity managed by the Group in which the Group has significant influence and the balances represent amounts due to the entities in respect of dealing in securities, which are kept in segregated accounts.
- viii. Mr. Bao Fan is the Chief Executive Officer of the Company. A close member of Mr. Bao Fan's family has significant influence over Beijing Pengyang Enterprise Management Co., Ltd.. The entity provides fund raising services to the Group during the six months ended June 30, 2021.

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

28. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(d) Compensation of key management personnel

The remunerations of the key management during the period were as follows:

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Salaries, bonus and other allowance	13,252	12,608
Performance related bonus	—	24,104
Retirement benefit scheme contributions	123	137
Equity-settled share-based payments expenses	12,884	15,998
	26,259	52,847

The remunerations of the key management are determined by the remuneration committee having regard to the performance of individuals and market trends.

29. STRUCTURED ENTITIES

29.1 Consolidated structured entities

The consolidated structured entities of the Group mainly included general partners of investment funds, funds managed by the Group and asset management schemes where the Group involves as manager. As at June 30, 2022, the aggregate net assets of the consolidated structured entities amounted to RMB907,821,000 (December 31, 2021: RMB2,501,165,000).

As being the general partner and manager of these structured entities and have majority interests in these structured entities, the Group considers it has control over such structured entities and those structured entities should be consolidated by the Group.

29.2 Unconsolidated structured entities

(1) Structured entities managed by third party institutions in which the Group holds interests

The Group holds interests in these structured entities managed by third party institutions through investments in the beneficial rights or products issued relating to these structured entities. The Group does not consolidate these structured entities as the Group does not have power over them. Such structured entities include cash management products, investments in funds, money market funds and trust products managed by third parties.

NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the six months ended June 30, 2022

29. STRUCTURED ENTITIES (CONTINUED)

29.2 Unconsolidated structured entities (continued)

(1) Structured entities managed by third party institutions in which the Group holds interests (continued)

The following tables set out an analysis of the gross carrying amounts of interests held by the Group as at June 30, 2022 and December 31, 2021 in the structured entities managed by third party institutions.

	As at June 30, 2022 (unaudited)		Type of income
	Financial assets at FVTPL RMB'000	Maximum risk exposure (Note) RMB'000	
Cash management products	444,565	444,565	Net investment gains
Investments in funds	1,015,101	1,015,101	Net investment losses
Trust products	25,424	25,424	Net investment gains
Money market funds	485,298	485,298	Net investment losses
Total	1,970,388	1,970,388	

	As at December 31, 2021 (audited)			Type of income
	Other financial assets RMB'000	Financial assets at FVTPL RMB'000	Maximum risk exposure (Note) RMB'000	
Cash management products	—	170,728	170,728	Net investment gains
Investments in funds	—	1,104,043	1,104,043	Net investment gains
Trust products	—	115,775	115,775	Net investment gains
Money market funds	—	591,839	591,839	Net investment gains
Private equity fund with fixed interest rate	3,187	—	3,187	Interest income
Total	3,187	1,982,385	1,985,572	

Note: As at June 30, 2022 and December 31, 2021, all of these unconsolidated structured entities are recorded in financial assets at fair value through profit or loss. The maximum exposures to loss in the above investments are the carrying amounts of the assets held by the Group at the end of each reporting period.

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

29. STRUCTURED ENTITIES (CONTINUED)

29.2 Unconsolidated structured entities (continued)

(2) Structured entities managed by the Group

The types of unconsolidated structured entities managed by the Group include funds where it acts as the general partner. The purpose of managing these structured entities is to generate fees and carried interest from managing assets on behalf of the funds. Interest held by the Group includes fees and carried interest charged by providing management services to these structured entities and the net investment gains from these structured entities.

For the six months ended June 30, 2022, the management fee recognised amounted to RMB251,002,000 (six months ended June 30, 2021: RMB194,860,000).

For the six months ended June 30, 2022, the carried interest recognised amounted to RMB32,752,000 (six months ended June 30, 2021: RMB4,124,000).

For the six months ended June 30, 2022, the net investment losses recognised amounted to RMB137,442,000 (net investment gains recognised during six months ended June 30, 2021: RMB607,903,000).

As at June 30, 2022, the Group's interests in these structured entities amounted to RMB1,640,720,000 (December 31, 2021: RMB1,565,221,000).

As at June 30, 2022, the amount of assets held by the funds managed by the Group amounted to RMB48,569 million (December 31, 2021: RMB48,850 million).

30. COMMITMENTS

As at June 30, 2022, the Group had commitments for future investments in funds invested by the Group amounted to RMB326,484,000 (December 31, 2021: RMB255,703,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2022

31. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

This note provides information about how the Group determines fair value of the following financial assets and financial liabilities that are measured at fair value on a recurring basis.

	Fair value as at June 30, 2022 RMB'000 (unaudited)	Fair value as at December 31, 2021 RMB'000 (audited)	Fair value Hierarchy	Valuation technique and key input	Significant unobservable input(s)
<i>Financial assets</i>					
Unlisted investment funds at fair value	1,015,101	1,104,043	Level 3	Note (1)	Note (1)
Unlisted debt security investments	215,384	758,360	Level 2	Recent transaction price	N/A
Unlisted debt security investments	332,993	326,666	Level 3	Note (2)	Note (2)
Call option for obtaining non-controlling interests	519,570	518,080	Level 3	Note (3)	Note (3)
Financial bonds	1,994,813	2,230,708	Level 1	Open market transaction price	N/A
Money market funds	485,298	591,839	Level 2	Quoted price from a financial institution	N/A
Cash management products	444,565	170,728	Level 2	Quoted price from a financial institution	N/A
Convertible notes	171,600	28,691	Level 2	Recent transaction price	N/A
Unlisted equity security investments	—	1,155,225	Level 2	Recent transaction price	N/A
Unlisted equity security investments	87,478	24,263	Level 3	Note (4)	Note (4)
Listed equity security investments	207,825	181,344	Level 1	Open market transaction price	N/A
Listed equity security investments	50,000	80,200	Level 3	Note (5)	Note (5)
Trust products	25,424	115,775	Level 2	Quoted price from a financial institution	N/A
Associates measured at fair value	1,640,720	1,565,221	Level 3	Note (6)	Note (6)
<i>Financial liabilities</i>					
Payables to interest holders of consolidated structured entities in which the Group is the general partner of the investment funds	253,273	372,534	Level 3	Note (7)	Note (7)
Payables to interest holders of consolidated structured entities which are asset management schemes managed by the Group	14,529	17,765	Level 2	Fair value of the underlying investments with observable prices	N/A

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

**31. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS
(CONTINUED)**

**Fair value of the Group's financial assets and financial liabilities that are
measured at fair value on a recurring basis (continued)**

Notes:

- (1) The Group's investments in unlisted investment funds which were classified as financial assets at FVTPL under level 3 hierarchy amounted to RMB1,015,101,000 as at June 30, 2022 (December 31, 2021: RMB1,104,043,000). The significant unobservable input is the net assets value of the underlying investments made by the funds. The higher the net assets value of the underlying investments, the higher the fair value of the financial assets at FVTPL will be. A 5% increase/decrease in the net assets value of the underlying investments, holding all other variables constant, would increase/decrease the carrying amounts of these investments by RMB50,755,000 as at June 30, 2022 (December 31, 2021: RMB55,202,000).
- (2) The Group's investments in unlisted debt security investment which were classified as financial assets at FVTPL under level 3 hierarchy amounted to RMB332,993,000 as at June 30, 2022 (December 31, 2021: RMB326,666,000). The fair value was determined by market approach with a combination of observable and unobservable inputs. The significant unobservable input is discount for lack of marketability ("DLOM"). The higher the DLOM, the lower the fair value of the financial assets at FVTPL will be. A 5% increase in the DLOM, holding all other variables constant, would decrease the carrying amounts of these investments by RMB1,872,000 as at June 30, 2022 (December 31, 2021: RMB1,829,000). A 5% decrease in the DLOM, holding all other variables constant, would increase the carrying amounts of these investments by RMB2,309,000 as at June 30, 2022 (December 31, 2021: RMB2,243,000).
- (3) The Group's call option to obtain non-controlling interests amounting to RMB519,570,000 as at June 30, 2022 (December 31 2021: RMB518,080,000) is under level 3 hierarchy. The fair value was determined by Black Scholes model based on the fair value and book value of the underlying net assets' of China Renaissance Securities as well as estimate of the exercisability of the option. Discounted cash flow method was used to determine the fair value of underlying net assets' of China Renaissance Securities. The fair value of underlying net assets' of China Renaissance Securities is most significantly affected by estimated cash flows. The higher the estimated cash flows, the higher the fair value of the call option will be. A 5% increase/decrease in the DLOM, holding all other variables constant, would increase/decrease the carrying amount of the call option of the Group by RMB26,970,000 as at June 30, 2022 (December 31, 2021: RMB33,890,000).
- (4) The Group's investments in unlisted equity security investment which were classified as financial assets at FVTPL under level 3 hierarchy amounted to RMB87,478,000 as at June 30, 2022 (December 31, 2021: RMB24,263,000). The fair value was determined by market approach with a combination of observable and unobservable inputs. The significant unobservable input is DLOM. The higher the DLOM, the lower the fair value of the financial assets at FVTPL will be. A 5% increase/decrease in the DLOM, holding all other variables constant, would decrease/increase the carrying amounts of these investments by RMB5,319,000 as at June 30, 2022 (December 31, 2021: RMB1,600,000).
- (5) The Group's investments in listed equity security investment which were classified as financial assets at FVTPL under level 3 hierarchy amounted to RMB50,000,000 as at June 30, 2022 (December 31, 2021: RMB80,200,000). The significant unobservable input is the DLOM. The higher the DLOM, the lower the fair value of the financial assets at FVTPL will be. A 5% increase/decrease in the DLOM, holding all other variables constant, would decrease/increase the carrying amounts of these investments by RMB2,500,000 as at June 30, 2022 (December 31, 2021: RMB4,010,000).
- (6) The Group's associates measured at fair value amounted to RMB1,640,720,000 as at June 30, 2022 (December 31, 2021: RMB1,565,221,000) are under level 3 hierarchy. The significant unobservable input is the net assets value of the underlying investments made by the funds managed by the Group. The higher the net assets value of the underlying investments, the higher the fair value of the investments in associates will be. A 5% increase/decrease in the net assets value of the underlying investments, holding all other variables constant, would increase/decrease the carrying amount of the investments in associates of the Group by RMB82,036,000 as at June 30, 2022 (December 31, 2021: RMB78,261,000).
- (7) The Group's payables to interest holders of consolidated structured entities in which the Group is the general partner of the investment funds amounting to RMB253,273,000 as at June 30, 2022 (December 31, 2021: RMB372,534,000) are under level 3 hierarchy. The significant unobservable input is the net assets value of the investment funds managed by the Group. The higher the net assets value of the investment funds managed, the higher the fair value of payables to interest holders of consolidated structured entities will be. A 5% increase/decrease in the net assets value of the investment funds managed, holding all other variables constant, would increase/decrease the carrying amount of payables to interest holders of consolidated structured entities by RMB12,664,000 as at June 30, 2022 (December 31, 2021: RMB18,627,000).

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

**31. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS
(CONTINUED)**

**Fair value of the Group's financial assets and financial liabilities that are
measured at fair value on a recurring basis (continued)**

Reconciliation of level 3 fair value measurements of financial assets is as below:

	Unlisted investment funds at fair value RMB'000
At January 1, 2021 (audited)	771,135
Capital contribution	238,943
Distribution	(331,386)
Changes in fair value	438,010
Effect of exchange rate change	(12,659)
Balance at December 31, 2021 (audited)	1,104,043
Capital contribution	18,417
Distribution	(72,237)
Changes in fair value	(81,360)
Effect of exchange rate change	46,238
Balance at June 30, 2022 (unaudited)	1,015,101
	Unlisted debt security investments RMB'000
At January 1, 2021 (audited)	319,714
Changes in fair value	9,650
Effect of exchange rate change	(2,698)
Balance at December 31, 2021 (audited)	326,666
Effect of exchange rate change	6,327
Balance at June 30, 2022 (unaudited)	332,993

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

**31. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS
(CONTINUED)**

**Fair value of the Group's financial assets and financial liabilities that are
measured at fair value on a recurring basis (continued)**

Reconciliation of level 3 fair value measurements of financial assets is as below: (continued)

	Call option for obtaining non- controlling interests RMB'000
At January 1, 2021 (audited)	110,100
Exercise	(436,190)
Change in fair value	844,170
Balance at December 31, 2021 (audited)	518,080
Change in fair value	1,490
Balance at June 30, 2022 (unaudited)	519,570
	Unlisted equity security investments RMB'000
At January 1, 2021 (audited)	5,562
Transfer from level 2 to level 3	15,627
Changes in fair value	3,332
Effect of exchange rate change	(258)
Balance at December 31, 2021 (audited)	24,263
Addition	62,817
Effect of exchange rate change	398
Balance at June 30, 2022 (unaudited)	87,478

NOTES TO THE CONDENSED
 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 For the six months ended June 30, 2022

**31. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS
 (CONTINUED)**

**Fair value of the Group's financial assets and financial liabilities that are
 measured at fair value on a recurring basis (continued)**

Reconciliation of level 3 fair value measurements of financial assets is as below: (continued)

	Listed equity security investments RMB'000
At January 1, 2021 (audited)	183,458
Capital contribution	17,710
Transfer from level 3 to level 1	(183,458)
Changes in fair value	62,490
Balance at December 31, 2021 (audited)	80,200
Changes in fair value	(30,200)
Balance at June 30, 2022 (unaudited)	50,000
	Associates measured at fair value RMB'000
At January 1, 2021 (audited)	1,765,579
Capital contribution	220,685
Distribution	(401,283)
Changes in fair value	6,270
Effect of exchange rate change	(26,030)
Balance at December 31, 2021 (audited)	1,565,221
Capital contribution	144,885
Addition	60,868
Distribution	(42,992)
Changes in fair value	(137,442)
Effect of exchange rate change	50,180
Balance at June 30, 2022 (unaudited)	1,640,720

**NOTES TO THE CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the six months ended June 30, 2022

**31. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS
(CONTINUED)**

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Reconciliation of level 3 fair value measurements of financial assets is as below: (continued)

	Payables to interest holders of consolidated structured entities in which the Group is the general partner of the investment funds
	RMB'000
At January 1, 2021 (audited)	238,447
Capital contribution	148,512
Distribution	(29,319)
Changes in fair value	16,608
Effect of exchange rate change	(1,714)
Balance at December 31, 2021 (audited)	372,534
Capital contribution	27,224
Distribution	(16,769)
Disposal	(118,039)
Changes in fair value	(16,140)
Effect of exchange rate change	4,463
Balance at June 30, 2022 (unaudited)	253,273

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximated their fair values at the end of each reporting period.

DEFINITIONS

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the Audit Committee of the Board
“AUM” or “asset under management”	the value of assets managed by a fund manager, including the fair value of investments held by the funds, plus the capital contributed but not invested, the capital that the fund manager is entitled to call from the investors pursuant to the terms of their respective capital commitments; which, when used to refer to our AUM or asset under management, shall exclude that of our project funds from which we do not derive management fees and income from carried interest
“Board”	the board of directors of our Company
“Carried Interest Distribution Framework Agreement”	the framework agreement entered into by, among others, the Company and Huagan Shanghai on June 15, 2018 (and amended and restated on September 11, 2018) in relation to the distribution of carried interest to the designated individuals of the Group’s investment funds, the details of which are set out in the section headed “Connected Transactions” of the Prospectus
“CG Code”	the Corporate Governance Code set out in Appendix 14 of the Listing Rules
“China” or “PRC”	the People’s Republic of China, and for the purpose of this Interim Report only, except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”, “our Company”, “the Company” or “China Renaissance”	China Renaissance Holdings Limited (華興資本控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on July 13, 2011
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Connected Investment Team Members”	has the same meaning as defined in the section headed “Connected Transactions” of the Prospectus
“connected transactions”	has the meaning ascribed to it under the Listing Rules
“COVID-19”	the 2019 Novel Coronavirus
“CR Partners”	CR Partners Limited, a company incorporated in the British Virgin Islands with limited liability on July 5, 2011 and one of our controlling shareholders
“CR Securities”	China Renaissance Securities (China) Co., Ltd. (華興證券有限公司), a company incorporated in China, with limited liability on August 19, 2016 and an indirect subsidiary of the Company, formerly named as 華菁證券有限公司
“Director(s)”	the director(s) of our Company

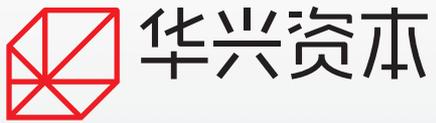
DEFINITIONS (CONTINUED)

“ESOP”	the employees’ share option plan of the Company as approved by the Board on August 24, 2012, which was amended and restated on March 1, 2013, April 27, 2015, and June 5, 2018
“FBH Partners”	FBH Partners Limited, our controlling shareholder, a company incorporated in the British Virgin Islands with limited liability on March 12, 2004 as an investment vehicle controlled by Mr. Bao, a Founder of our Group
“Group”, “our Group”, “the Group”, “we”, “us” or “our”	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Huaxing Growth Capital”	comprised of eight main private equity funds managed under the Group’s investment management business, namely, Huaxing Growth Capital USD Fund I, Huaxing Growth Capital USD Fund II, Huaxing Growth Capital USD Fund III, Huaxing Growth Capital USD Fund IV, Huaxing Growth Capital RMB Fund I, Huaxing Growth Capital RMB Fund II, Huaxing Growth Capital RMB Fund III and Huaxing Growth Capital RMB Fund IV
“Huaxing Healthcare Capital”	comprised of three main private equity funds under the Group’s investment management business, namely, Huaxing Healthcare RMB Fund I, Huaxing Healthcare RMB Fund II and Huaxing Healthcare Haihe Fund
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“IPO”	Initial public offering
“IRR”	Internal Rate of Return
“LIBOR”	London Interbank Offered Rate
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	September 27, 2018 the date on which the Shares were listed and on which dealings in the Shares were first permitted to take place on the Stock Exchange
“Listing Rules”	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange

DEFINITIONS (CONTINUED)

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
“Mr. Bao”	Mr. Bao Fan (包凡), our Chairman, Executive Director and Controlling Shareholder
“Prospectus”	the prospectus of the Company dated September 14, 2018
“Reporting Period”	the six months ended June 30, 2022
“RMB” or “Renminbi”	Renminbi, the lawful currency of PRC
“ROE”	Return on Equity
“RSU Plan”	the China Renaissance Holdings Limited 2018 Restricted Share Unit Plan as approved by the Board on June 15, 2018
“RSUs”	restricted share units
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company, currently with a par value of US\$0.000025 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Tianjin Huahuang”	Tianjin Huahuang Enterprise Management Advisors Partners, L.P. (天津華煌企業管理諮詢合夥企業(有限合夥)), a limited partnership registered in China on July 16, 2018, which is the general partner of Huaxing Growth Capital RMB Parallel Fund III
“United States” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US dollars”, “U.S. dollars”, “US\$” or “USD”	United States dollars, the lawful currency of the United States
“%”	per cent

Note: Unless otherwise defined in this Interim Report, capitalised terms used herein bear the same meanings as defined in the Prospectus.



CHINA RENAISSANCE HOLDINGS LIMITED
華興資本控股有限公司

Units 8107-08, Level 81, International Commerce Centre
1 Austin Road West, Kowloon, Hong Kong
+852 2287 1600
ir@chinarenaissance.com