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民銀資本控股有限公司
CMBC CAPITAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 1141)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the “**Board**”) of directors (the “**Directors**”) of CMBC Capital Holdings Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Year**”), together with the comparative figures for the year ended 31 December 2021 (the “**Previous Year**”), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	801,981	895,376
Net (losses)/gains on financial assets/liabilities at fair value through profit or loss (“FVTPL”)		(235,421)	99,583
Net losses on financial assets at fair value through other comprehensive income (“FVOCI”)		(46,674)	(180,070)
Net gains on financial assets at amortised cost		20	76
Other income		15,735	12,951
Other losses	5	(25,400)	(211)
Impairment losses	6	(506,793)	(184,254)
Staff costs		(95,046)	(93,715)
Depreciation and amortisation		(22,224)	(26,118)
Other operating expenses		(50,882)	(55,425)
Finance costs	7	(266,109)	(174,428)
 		<hr/>	<hr/>
(Loss)/profit before taxation	8	(430,813)	293,765
Taxation	9	(5,784)	(2,609)
 		<hr/>	<hr/>
(Loss)/profit for the year attributable to owners of the Company		<u>(436,597)</u>	<u>291,156</u>

	<i>Note</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
(Loss)/profit for the year attributable to owners of the Company		(436,597)	291,156
Other comprehensive (loss)/income			
Item that will not be reclassified to profit or loss:			
– Equity investments at fair value through other comprehensive income			
– net movement in fair value reserve (non-recycling)		(284,137)	(5,189)
Item that may be reclassified subsequently to profit or loss:			
– Financial assets at fair value through other comprehensive income			
– net movement in fair value reserve (recycling)		<u>(252,117)</u>	<u>97,526</u>
Other comprehensive (loss)/income for the year, net of tax		<u>(536,254)</u>	<u>92,337</u>
Total comprehensive (loss)/income for the year attributable to owners of the Company		<u>(972,851)</u>	<u>383,493</u>
		<i>HK cents</i>	<i>HK cents</i>
(Loss)/earnings per share attributable to owners of the Company	<i>10</i>		
– Basic		(37.96)	24.55
– Diluted		<u>(37.96)</u>	<u>24.55</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

		As at 31 December 2022	As at 31 December 2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		4,890	7,386
Right-of-use asset		75,228	94,435
Goodwill		16,391	16,391
Intangible assets		960	960
Deferred tax assets		–	2,035
Other assets		13,416	8,732
		<u>110,885</u>	<u>129,939</u>
Current assets			
Accounts receivable	13	212,831	214,017
Prepayments, deposits and other receivables		76,441	390,560
Interest receivables		116,551	140,625
Amount due from an intermediate holding company		–	13,752
Loans and advances	12	439,888	841,160
Financial assets at fair value through other comprehensive income	14	6,058,401	9,610,682
Financial assets at amortised cost		–	62,172
Financial assets at fair value through profit or loss	15	2,616,079	1,782,441
Tax recoverable		19,577	–
Cash held on behalf of customers		216,486	580,088
Cash and cash equivalents		982,858	769,875
		<u>10,739,112</u>	<u>14,405,372</u>

		As at 31 December 2022 <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
	<i>Notes</i>		
Current liabilities			
Accounts payable	<i>16</i>	261,375	640,528
Other payables and accruals		122,879	171,106
Amount due to an intermediate holding company		55,459	–
Loans from an intermediate holding company	<i>17</i>	4,710,620	3,697,591
Notes payable	<i>18</i>	–	1,139,938
Tax payable		12,955	18,751
Financial assets sold under repurchase agreements	<i>19</i>	3,974,951	5,978,218
Financial liabilities at fair value through profit or loss	<i>20</i>	14,871	244
Lease liabilities		20,801	20,801
		9,173,911	11,667,177
Net current assets		1,565,201	2,738,195
Total assets less current liabilities		1,676,086	2,868,134
Non-current liabilities			
Lease liabilities		57,959	75,725
Deferred tax liabilities		18,769	36,712
		76,728	112,437
NET ASSETS		1,599,358	2,755,697
CAPITAL AND RESERVES			
Share capital	<i>21</i>	449,466	469,786
Reserves		1,149,892	2,285,911
TOTAL EQUITY		1,599,358	2,755,697

Notes:

1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and by the Companies Ordinance (Cap.622 of the Laws of Hong Kong). The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value through other comprehensive income and fair value through profit or loss at the end of each reporting period.

2 NEW AND AMENDMENTS TO HKFRSs

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

The following amendments to accounting standards are applicable for annual reporting periods commencing on or after 1 January 2022:

- Covid-19-related Rent Concessions – Amendments to HKFRS 16
- Property, Plant and Equipment: Proceeds before intended use – Amendments to HKAS 16
- Reference to the Conceptual Framework – Amendments to HKFRS 3
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to HKAS 37
- Annual Improvements to HKFRS Standards 2018–2020
- Amendments to AG 5 Merger Accounting for Common Control Combinations

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

3 SEGMENT INFORMATION

In a manner consistent with the way in which information is reported internally to the Group's management, being the chief operating decision makers, for the purpose of resources allocation and assessment of segment performance focusing on types of services provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

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

Disaggregation of revenue

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by service lines		
– Commission income from brokerage and related services	539	780
– Commission income from underwriting, sub-underwriting, placing and sub-placing	22,677	74,503
– Financial advisory, sponsorship, arrangement fee and other service income	20,127	53,857
– Asset management fee, investment advisory services fee and performance fee income	166,093	128,594
	<u>209,436</u>	<u>257,734</u>

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from other sources		
Loan and financing		
– Interest income from provision of finance and securities margin financing	53,706	123,943
Financial investments		
– Interest income from debt securities investments	233,891	305,121
– Interest income from FVTPL investments	61,622	40,753
– Dividend income and other investment income	243,326	167,825
	538,839	513,699
	801,981	895,376

Disaggregation of revenue is set out below:

	Securities		Fixed-income direct investment		Other investment and financing		Asset management		Corporate finance and advisory		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15	13,953	65,031	-	-	-	-	166,093	128,594	29,390	64,109	209,436	257,734
Revenue from other sources												
Loan and financing												
– Interest income from provision of finance and securities margin financing	15,064	39,623	-	-	38,642	84,320	-	-	-	-	53,706	123,943
Financial investments												
– Interest income from debt securities investments	-	-	233,891	305,121	-	-	-	-	-	-	233,891	305,121
– Interest income from FVTPL investments	-	-	47,068	22	14,554	40,731	-	-	-	-	61,622	40,753
– Dividend income and other investment income	-	-	227,440	138,049	15,886	29,776	-	-	-	-	243,326	167,825
	-	-	508,399	443,192	30,440	70,507	-	-	-	-	538,839	513,699
Reportable segment revenue	29,017	104,654	508,399	443,192	69,082	154,827	166,093	128,594	29,390	64,109	801,981	895,376

Segment revenue and results

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

	For the year ended 31 December 2022						Total HK\$'000
	Securities HK\$'000	Fixed income direct investment HK\$'000	Other investment and financing HK\$'000	Asset management HK\$'000	Corporate finance and advisory HK\$'000	Others HK\$'000	
Segment revenue and investment gains/(losses)							
- Reportable segment revenue	29,017	508,399	69,082	166,093	29,390	-	801,981
- Net losses on financial assets/liabilities at fair value through profit or loss	-	(33,570)	(201,851)	-	-	-	(235,421)
- Net losses on financial assets at fair value through other comprehensive income	-	(46,674)	-	-	-	-	(46,674)
- Net gains on financial assets at amortised cost	-	20	-	-	-	-	20
	<u>29,017</u>	<u>428,175</u>	<u>(132,769)</u>	<u>166,093</u>	<u>29,390</u>	<u>-</u>	<u>519,906</u>
Other income	2,429	3,501	372	27	276	9,130	15,735
Other losses	(1,338)	(23,632)	(31)	(252)	(1)	(146)	(25,400)
Segment expenses	<u>(90,877)</u>	<u>(605,799)</u>	<u>(142,505)</u>	<u>(27,823)</u>	<u>(21,234)</u>	<u>(52,816)</u>	<u>(941,054)</u>
Segment results	<u>(60,769)</u>	<u>(197,755)</u>	<u>(274,933)</u>	<u>138,045</u>	<u>8,431</u>	<u>(43,832)</u>	<u>(430,813)</u>

For the year ended 31 December 2021

	Securities <i>HK\$'000</i>	Fixed income direct investment <i>HK\$'000</i>	Other investment and financing <i>HK\$'000</i>	Asset management <i>HK\$'000</i>	Corporate finance and advisory <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue and investment gains/(losses)							
– Reportable segment revenue	104,654	443,192	154,827	128,594	64,109	–	895,376
– Net gains on financial assets/ liabilities at fair value through profit or loss	–	11,697	87,886	–	–	–	99,583
– Net losses on financial assets at fair value through other comprehensive income	–	(180,070)	–	–	–	–	(180,070)
– Net gains on financial assets at amortised cost	–	76	–	–	–	–	76
	<u>104,654</u>	<u>274,895</u>	<u>242,713</u>	<u>128,594</u>	<u>64,109</u>	<u>–</u>	<u>814,965</u>
Other income	2,898	42	4	48	1,052	8,907	12,951
Other gains and losses	2,616	(19,739)	4,384	293	10	12,225	(211)
Segment expenses	<u>(51,651)</u>	<u>(265,498)</u>	<u>(133,657)</u>	<u>(32,425)</u>	<u>(31,000)</u>	<u>(19,709)</u>	<u>(533,940)</u>
Segment results	<u>58,517</u>	<u>(10,300)</u>	<u>113,444</u>	<u>96,510</u>	<u>34,171</u>	<u>1,423</u>	<u>293,765</u>

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

		As at 31 December 2022						
		Fixed income direct investment	Other Investment and financing	Asset management	Corporate finance and advisory	Others	Total	
		Securities HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Assets								
Segment assets		<u>590,983</u>	<u>7,601,339</u>	<u>2,307,166</u>	<u>146,215</u>	<u>1,429</u>	<u>202,865</u>	<u>10,849,997</u>
Liabilities								
Segment liabilities		<u>480,254</u>	<u>7,858,321</u>	<u>737,399</u>	<u>13,156</u>	<u>-</u>	<u>161,509</u>	<u>9,250,639</u>
		As at 31 December 2021						
		Fixed income direct investment	Other Investment and financing	Asset management	Corporate finance and advisory	Others	Total	
		Securities HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Assets								
Segment assets		<u>1,013,538</u>	<u>10,371,510</u>	<u>2,866,398</u>	<u>42,447</u>	<u>26,556</u>	<u>214,862</u>	<u>14,535,311</u>
Liabilities								
Segment liabilities		<u>862,432</u>	<u>9,593,856</u>	<u>1,180,380</u>	<u>2,948</u>	<u>120</u>	<u>139,878</u>	<u>11,779,614</u>

Geographical information

The Group's operations are carried out in Hong Kong.

The Group's revenue from external customers and its non-current assets are located in Hong Kong.

Information about major customers

Revenue of approximately HK\$101,173,000 for the year ended 31 December 2022 was derived from asset management service to a customer and accounted for more than 10% of the total revenue.

No customer contributed over 10% of the total revenue of the Group for the year ended 31 December 2021.

4 REVENUE

An analysis of the Group's revenue for the year is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Commission income from brokerage and related services	539	780
Commission income from underwriting, sub-underwriting, placing and sub-placing	22,677	74,503
Interest income from debt securities investments	233,891	305,121
Interest income from FVTPL investments	61,622	40,753
Interest income from provision of finance and securities margin financing	53,706	123,943
Dividend income and other investment income	243,326	167,825
Financial advisory, sponsorship, arrangement fee and other service income	20,127	53,857
Asset management fee, investment advisory services fee and performance fee income	166,093	128,594
	<u>801,981</u>	<u>895,376</u>

5 OTHER LOSSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Net exchange losses	<u>25,400</u>	<u>211</u>

6 IMPAIRMENT LOSSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Provision/(reversal) of impairment losses		
– Loans and advances	88,368	63,236
– Accounts receivable	62,312	290
– Financial assets at fair value through other comprehensive income	332,497	120,738
– Financial assets at amortised cost	(181)	(10)
– Interest receivables	23,797	–
	<u>506,793</u>	<u>184,254</u>

7 FINANCE COSTS

	2022	2021
	HK\$'000	HK\$'000
Interest expense on:		
Notes payable	8,944	11,472
Bank borrowings	3	556
Repurchase agreements	105,263	38,622
Loans from an intermediate holding company	148,864	119,018
Lease liabilities	3,035	4,043
Others	–	717
	266,109	174,428

8 (LOSS)/PROFIT BEFORE TAXATION

	2022	2021
	HK\$'000	HK\$'000
(Loss)/profit before taxation is arrived at after charging:		
Staff costs (including directors' remuneration):		
Wages and salaries	93,626	92,283
Retirement benefits contributions	1,420	1,432
Total staff costs	95,046	93,715
Auditor's remuneration	4,391	4,135
Depreciation of property, plant and equipment	3,017	3,002
Depreciation of right-of-use asset	19,207	21,973
Amortisation of intangible assets	–	1,143

9 TAXATION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	22,451	37,370
Over-provision in prior years	<u>(759)</u>	<u>(106)</u>
	21,692	37,264
Deferred tax:		
Origination and reversal of temporary differences	<u>(15,908)</u>	<u>(34,655)*</u>
	<u>5,784</u>	<u>2,609</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable (loss)/profit for both the years ended 31 December 2022 and 2021.

* Included in the amount, a deferred tax reversal of approximately HK\$42 million arising from management's reassessment of two unlisted investment funds classified as financial assets at FVTPL due to the change in facts and circumstances during the year ended 31 December 2021.

10 (LOSS)/EARNINGS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/earnings		
(Loss)/profit attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	<u>(436,597)</u>	<u>291,156</u>
	2022 '000	2021 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	<u>1,150,093</u>	<u>1,186,087</u>

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

There was no dilutive items during the years ended 31 December 2022 and 2021.

11 DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Proposed:		
Final – Nil (2021: HK7.48 cents) per ordinary share	<u>–</u>	<u>87,307</u>

The final dividend of HK7.48 cents per share for the year ended 31 December 2021 had been approved by the shareholders of the Company on 29 June 2022 and was paid on 29 July 2022 in an aggregated amount of approximately HK\$85,438,000.

12 LOANS AND ADVANCES

	As at 31 December 2022 <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
Loans and advances	581,537	894,441
Less: Allowance for expected credit losses	<u>(141,649)</u>	<u>(53,281)</u>
	<u>439,888</u>	<u>841,160</u>

The carrying amounts of the above loans and advances as at 31 December 2022 and 2021 are due within one year and presented under current assets.

At 31 December 2022, loans and advances included loans to independent third parties with effective interest rates ranging from 6% to 10% (2021: 3% to 13%) per annum.

During the year, allowance for expected credit losses of HK\$88,368,000 (2021: HK\$63,236,000) was recognised in the consolidated statement of profit or loss and other comprehensive income. As at 31 December 2022, loans and advances to independent third parties with gross carrying amount of HK\$257,791,000 (2021: HK\$80,543,000) were assessed as credit-impaired and be included in Stage 3. Allowance for expected credit losses of HK\$141,200,000 (2021: HK\$40,272,000) was measured and recognised, which represented the difference between the outstanding loan balances and the expected recoverable amounts (taking into account of the underlying collaterals) as determined by independent professional valuers.

Movement in expected credit losses is as follows:

	2022				2021			
	Expected credit losses				Expected credit losses			
	Stage 1 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Stage 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>	Stage 1 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Stage 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January	593	12,416	40,272	53,281	6,976	–	–	6,976
Transfer	–	(12,416)	12,416	–	(3,281)	(1,324)	4,605	–
Impairment losses (released)/charged to profit or loss	(144)	–	88,512	88,368	13,829	13,740	35,667	63,236
Derecognition	–	–	–	–	(16,931)	–	–	(16,931)
At 31 December	<u>449</u>	<u>–</u>	<u>141,200</u>	<u>141,649</u>	<u>593</u>	<u>12,416</u>	<u>40,272</u>	<u>53,281</u>

13 ACCOUNTS RECEIVABLE

	As at 31 December 2022 <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
Accounts receivable arising from the ordinary course of business of securities brokerage, futures and options dealing services:		
– Clearing houses	10,418	111
– Cash clients	5	8,582
– Margin clients	<u>176,438</u>	<u>191,650</u>
	186,861	200,343
Accounts receivable arising from the ordinary course of business of securities underwriting	3,173	10,846
Accounts receivable arising from the ordinary course of business of advisory services	–	4,575
Accounts receivable arising from the ordinary course of business of asset management services	<u>87,887</u>	<u>1,157</u>
	277,921	216,921
Less: Allowance for expected credit losses	<u>(65,090)</u>	<u>(2,904)</u>
	<u>212,831</u>	<u>214,017</u>

Movement in expected credit losses is as follows:

	2022				2021			
	Expected credit losses				Expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January	1,198	-	1,706	2,904	908	-	1,706	2,614
Transfer	(105)	-	105	-	-	-	-	-
Impairment losses (released)/charged								
to profit or loss	(638)	-	62,950	62,312	290	-	-	290
Write-off	(126)	-	-	(126)	-	-	-	-
At 31 December	<u>329</u>	<u>-</u>	<u>64,761</u>	<u>65,090</u>	<u>1,198</u>	<u>-</u>	<u>1,706</u>	<u>2,904</u>

Accounts receivable arising from the business of dealing in securities

The Group seeks to maintain tight control over its outstanding accounts receivable and has procedures and policies to assess its clients' credit quality and defines credit limits for each client. All client acceptances and credit limit are approved by designated approvers according to the clients' credit worthiness.

The normal settlement terms of accounts receivable from clients and clearing house, except for accounts receivable due from margin clients, arising from the ordinary course of business of securities brokerage services are two trading days after the trade date.

Accounts receivable due from margin clients

Accounts receivable due from margin clients are repayable on demand and carry interest at 3.5% to 18.6% per annum during the year ended 31 December 2022 (2021: 3.5% to 18% per annum). The fair values of the pledged securities as at 31 December 2022 was approximately HK\$385,673,000 (2021: HK\$688,073,000). Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the amount of accounts receivable outstanding exceeds the eligible margin value of securities deposited.

As at 31 December 2022, approximately 39% (2021: 88%) of the balance were secured by sufficient collateral on an individual basis. The corresponding collaterals held could be sold at the Group's discretion to settle any outstanding amounts owed by the margin clients. The Group did not repledge collaterals held for financing as at 31 December 2021 and 2022.

No ageing analysis in respect of accounts receivable from margin clients is disclosed as, in the opinion of directors of the Company, an ageing analysis does not give additional value in view of the nature of this business.

Accounts receivable arising from the business of dealing in securities are assessed for expected credit losses. During the year, allowance for expected credit losses of HK\$59,599,000 (2021: HK\$290,000) was recognised in the consolidated statement of profit or loss and other comprehensive income.

Movement in the allowance for expected credit losses on accounts receivable arising from the business of dealing in securities are as follows:

	Cash clients <i>HK\$'000</i>	Margin clients <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 January 2021	–	2,614	2,614
Impairment loss recognised during the year	–	290	290
Balance at 31 December 2021	–	2,904	2,904
Impairment loss recognised during the year	–	59,599	59,599
Write-off	–	(126)	(126)
Balance at 31 December 2022	–	62,377	62,377

The Group is allowed to offset certain accounts receivable and accounts payable when the Group currently has a legally enforceable right to set off the balances, and intends to settle on a net basis or to realise the balances simultaneously.

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

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

	As at 31 December 2022 <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
Neither past due nor impaired	46,510	10,305
Less than 31 days past due	39,724	–
31–60 days past due	270	2,644
61–90 days past due	–	259
Over 90 days past due	4,556	3,370
	91,060	16,578
Less: Allowance for expected credit losses	(2,713)	–
Total	88,347	16,578

The Group applies HKFRS 9 simplified approach to measure the expected credit losses for accounts receivable arising from the business of securities underwriting, advisory and asset management services. During the year, allowance for expected credit losses of HK\$2,713,000 (2021: Nil) was recognised in the consolidated statement of profit or loss and other comprehensive income.

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2022 HK\$'000	As at 31 December 2021 HK\$'000
Listed, unlisted or quoted investments at fair value:		
Debt investments (<i>Note</i>)	2,716,439	5,513,589
Equity investments	3,341,962	4,097,093
	<u>6,058,401</u>	<u>9,610,682</u>

Movement in expected credit losses is as follows:

	2022					2021				
	Expected credit losses					Expected credit losses				
	Stage 1	Stage 2	Stage 3	Purchased or Originated Credit Impaired	Total	Stage 1	Stage 2	Stage 3	Purchased or Originated Credit Impaired	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January	8,996	3,993	110,053	-	123,042	15,579	11,319	67,699	-	94,597
Transfer	(1,264)	623	641	-	-	(1,733)	218	1,515	-	-
Impairment losses (released)/charged to profit or loss	(1,656)	5,600	328,553	-	332,497	3,490	1,184	116,064	-	120,738
Derecognition	(2,575)	(3,743)	(3,037)	-	(9,355)	(8,340)	(8,728)	(75,225)	-	(92,293)
At 31 December	<u>3,501</u>	<u>6,473</u>	<u>436,210</u>	<u>-</u>	<u>446,184</u>	<u>8,996</u>	<u>3,993</u>	<u>110,053</u>	<u>-</u>	<u>123,042</u>

Note: As at 31 December 2022, allowance for expected credit losses of HK\$446,184,000 (2021: HK\$123,042,000) has been included in fair value reserve (recycling).

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2022 <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
Listed equity investments	68,207	152,101
Unlisted equity investments	259,277	413,105
Debt investments	1,516,117	353,510
Quoted investment fund	–	11,527
Unlisted investment funds	772,478	852,198
	<u>2,616,079</u>	<u>1,782,441</u>

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

16 ACCOUNTS PAYABLE

	As at 31 December 2022 <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
Accounts payable arising from the ordinary course of business of securities brokerage, futures and options dealing services:		
– Cash clients	227,276	459,490
– Margin clients	29,221	48,406
– Clearing house	4,878	132,632
	<u>261,375</u>	<u>640,528</u>

Accounts payable arising from the business of dealing in securities

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

17 LOANS FROM AN INTERMEDIATE HOLDING COMPANY

	As at 31 December 2022 <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
Loans from an intermediate holding company	<u>4,710,620</u>	<u>3,697,591</u>
The carrying amounts of the above borrowings are repayable:		
Within one year	<u>4,710,620</u>	<u>3,697,591</u>

As at 31 December 2022, the Group had loans amounting to approximately HK\$4,649,706,000 (2021: HK\$3,654,679,000) from CMBC International Holdings Limited, an intermediate holding company and interest payable amounting to approximately HK\$60,914,000 (2021: HK\$42,912,000). The loans are unsecured, bear interest at rate of 2.5% per annum (2021: interest rates of 2.5% to 3.5% per annum) and are repayable within one year. The Group's undrawn amount of the loan facilities is approximately HK\$5,350,294,000 (2021: HK\$4,345,321,000).

18 NOTES PAYABLE

During the year ended 31 December 2021, the Company's subsidiary issued notes in the aggregate principal amount of US\$195,000,000 to independent third parties, of which an aggregate principal amount of US\$50,000,000 was redeemed. The notes carry variable interest at 1% to 1.8% per annum and were to be redeemed within one year. During the year ended 31 December 2022, the aggregate note principals of US\$145,000,000 were fully redeemed.

As at 31 December 2022, there was no outstanding principal amount of the notes payable (2021: US\$145,000,000).

The movement of the notes payable for the years ended 31 December 2022 and 2021 are set out below:

	As at 31 December 2022 <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
At the beginning of the year	1,139,938	–
Issuance of notes	–	1,512,828
Interest charged	8,944	11,472
Repayment of note principal	(1,130,765)	(388,639)
Interest paid	(18,375)	(2,072)
Exchange realignment	258	6,349
	<u>–</u>	<u>1,139,938</u>
At the end of the year	<u>–</u>	<u>1,139,938</u>
The carrying amounts of the above notes payable are repayable:		
Within one year	<u>–</u>	<u>1,139,938</u>

19 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at 31 December 2022 <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
Bonds	<u>3,974,951</u>	<u>5,978,218</u>

As at 31 December 2022, the Group entered into repurchase agreements with financial institutions to sell bonds recognised as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss with carrying amount of approximately HK\$4,912,061,000 (2021: approximately HK\$7,820,524,000), which are subject to the simultaneous agreements to repurchase these investments at the agreed dates and prices.

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

20 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2022 <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
Payables to interest holders of unlisted consolidated investment funds, designated at FVTPL	1,362	244
Debt investments	<u>13,509</u>	<u>–</u>
	<u>14,871</u>	<u>244</u>

As at 31 December 2022, the Company held 66.6% (31 December 2021: 60%) interest of CMBCC Co-High Medical Investment Fund SP (the “**Medical Fund**”). As the Group has control over the Medical Fund, it is accounted for as a subsidiary. Accordingly, the interests of the non-controlling shareholder are classified as financial liabilities designated as at fair value through profit or loss of HK\$1,362,000 as at 31 December 2022 (31 December 2021: HK\$244,000).

The balance of debt investments as at 31 December 2022 represents the fair value of debt securities from short-selling activities.

21 SHARE CAPITAL

	Number of shares		Amount	
	As at 31 December 2022 '000	As at 31 December 2021 '000	As at 31 December 2022 HK\$'000	As at 31 December 2021 HK\$'000
Authorised:				
At the beginning of the year (Ordinary shares at HK\$0.4 (2021: HK\$0.01) each	2,500,000	100,000,000	1,000,000	1,000,000
Share consolidation	–	(97,500,000)	–	–
At the end of the year (Ordinary shares at HK\$0.4 (2021: HK\$0.4) each	<u>2,500,000</u>	<u>2,500,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:				
At the beginning of the year	1,174,467	47,627,928	469,786	476,279
Cancellation for shares repurchased	(i) (50,802)	(649,260)	(20,320)	(6,493)
Share consolidation	(ii) –	(45,804,201)	–	–
At the end of the year	<u>1,123,665</u>	<u>1,174,467</u>	<u>449,466</u>	<u>469,786</u>

Note:

- (i) During the year ended 31 December 2022, the Company repurchased an aggregate of 48,906,500 ordinary shares of the Company on market at prices ranging from HK\$1.07 to HK\$3.91 with a total consideration of approximately HK\$98,050,000 (before transaction costs). Of these repurchased shares, 48,101,500 shares were cancelled during the year ended 31 December 2022. The premium of approximately HK\$84,792,000 paid on the repurchase of such shares was debited to share premium account. Subsequent to end of the reporting period, the remaining 805,000 repurchased shares were cancelled on 28 February 2023.

During the year ended 31 December 2021, the Company repurchased an aggregate of 747,680,000 ordinary shares (before share consolidation) and 160,500 consolidated shares of the Company on market at prices ranging from HK\$0.072 to HK\$0.129 and HK\$3.18 to HK\$3.25 per share respectively with a total consideration of approximately HK\$70,866,000 (before transaction costs). Of these repurchased shares, 646,080,000 shares were cancelled during the year ended 31 December 2021. The premium of approximately HK\$56,536,000 paid on the repurchase of such shares was debited to share premium account. Subsequent to end of the reporting period, the remaining 2,700,500 repurchased consolidated shares were cancelled on 31 January 2022.

- (ii) With effect from 29 December 2021, every forty (40) ordinary shares in the issued and unissued share capital of the Company was consolidated into one (1) consolidated share of the Company. For further details, please refer to the Company's circular dated 9 December 2021.

BUSINESS REVIEW

The Group is currently licensed to engage in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, as well as financing and money lending business with the capacity as “exempted persons” defined in the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) (no license required pursuant to the Money Lenders Ordinance) and has all material licenses required for services currently expected to be requested by most of its existing and potential clients.

During the Reporting Year, the Group’s loss attributable to the owners of the Company was approximately HK\$436.6 million (Previous Year : profit of approximately HK\$291.2 million), recording a loss as compared to a profit in the Previous Year. The Group’s basic and diluted loss per share was HK37.96 cents for the Reporting Year (2021: basic and diluted earnings per share of HK24.55 cents).

The Group’s revenue (including net gains or losses from investment) decreased by approximately 36.2% to approximately HK\$519.9 million during the Reporting Year, compared to approximately HK\$815.0 million in the Previous Year. It was mainly due to the extremely depressed and volatile capital market in Hong Kong, the decrease in financing amount in the US-dollar bond market and in the initial public offering market of shares, as well as the decrease in the scale of external loans, resulting in the decrease in the income from investment banking businesses such as sponsor, bond underwriting and share underwriting, etc., and the interest income from loans and financing during the Reporting Year.

The table below presents the breakdown of segment revenue (including net gains or losses from investment) and segment results:

	Segment Revenue and Net Gains or Losses from Investment		Segment Results	
	For the year ended 31 December 2022 HK\$'000	For the year ended 31 December 2021 HK\$'000	For the year ended 31 December 2022 HK\$'000	For the year ended 31 December 2021 HK\$'000
Securities	29,017	104,654	(60,769)	58,517
Fixed-income direct investment	428,175	274,895	(197,755)	(10,300)
Other investment and financing	(132,769)	242,713	(274,933)	113,444
Asset management	166,093	128,594	138,045	96,510
Corporate finance and advisory	29,390	64,109	8,431	34,171
Others	–	–	(43,832)	1,423
Total	<u>519,906</u>	<u>814,965</u>	<u>(430,813)</u>	<u>293,765</u>

Securities

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

During the Reporting Year, the revenue contributed by the securities segment decreased to approximately HK\$29.0 million, and the segment results turned from profit to loss, where the loss was approximately HK\$60.8 million, compared to the revenue and profit of approximately HK\$104.7 million and HK\$58.5 million, respectively, in the Previous Year. The decrease in segment revenue and turning of segment results from profit to loss were mainly due to the decrease in the income from bond underwriting business and interest income from customers of margin financing business, together with the failure of covering the financing exposure in margin financing business due to the price drop in the market of pledged assets, as well as the allowance for expected credit loss during the Reporting Year.

As one of the flagship business segments of the Group, the bond underwriting business has been developing steadily and healthily. During the Reporting Year, the Group completed 90 offshore bond issuance for 75 issuers, covering major issuing industries, such as banks, non-banking financial institutions, central government-owned enterprises, large local state-owned enterprises and urban investment enterprises with good rating. While actively driving the steady development of its bond underwriting business, the Group strictly controls the underwriting risks and maintains high-quality issuers base. The Group has been diversifying its client base while increasing the proportion of bonds underwritten for large central government-owned enterprises and high-quality financial institutions. The underwriting of financial institutions, central government-owned enterprises and local state-owned enterprises accounted for approximately 98% of the total underwriting volume in the Reporting Year, and further enhanced the Group's reputation and image in Hong Kong's capital markets. From the perspective of the issuer's qualification, during the Reporting Year, the investment-grade bonds underwritten by the Group accounted for approximately 73.3% of the total underwriting volume. The overall qualification of the underwriting issuers was stable and there were no major risk events. The Group's debt capital market department also provides certain important bond issuer clients with international rating advisory services.

The Group continued to develop its securities brokerage business and margin financing business steadily. Its securities brokerage business includes trading shares, bonds and other valuable securities of listed companies for clients, while its margin financing business includes provision of stock secured financing for retail, corporate and high-net-worth clients requiring finance for purchasing securities. The Group adopts a relatively cautious development strategy as to its securities brokerage business and margin financing business.

Investment and Financing

During the Reporting Year, the overall performance of capital market was weak as it was continuously adversely affected by factors such as US dollar interest rate hikes and the political turmoil. Various asset prices were highly volatile and investment risks continued to rise, especially the sharp fall in the prices of Chinese-issued US dollar-denominated bonds, which had a negative impact on the Group's bond investment gains. In addition, due to the impact of the ongoing COVID-19 pandemic, the economic situation in Mainland China was adversely affected and the pace of recovery was slowed down. Many enterprises experienced a decline in sales results, rise in operating costs or liquidity difficulties. In this regards, in response to market conditions, the Group increased the provision of allowance for expected credit losses on bond investment, loans and structured finance and adjusted downwards the fair value of its investments in equity securities.

With respect to investment, the Group focuses on industries that are in the growth or expansion stage and have high competition barriers in the Greater China region. It actively seeks to invest in companies with outstanding core technology and relatively high potential in revenue growth and profitability. The Group pays attention to high-tech innovative companies medical and healthcare companies and other companies with high growth potential that comply with Chapter 18A of the Listing Rules.

In terms of financing, the Group provides customized financing solutions in different structures or forms according to customers' needs, providing a series of services including transaction structure design, coordinating the intermediary agencies and coordinating financing arrangements. Specific products include, but are not limited to, asset-backed loans, merger and acquisition loans, equity pledge financing, bridge financing, etc. The Group adopts solid risk-control-oriented development strategies for financing.

Fixed-income direct investment

During the Reporting Year, revenue and net investment losses from the fixed-income direct investment segment, which included but not limited to coupon from listed bonds under direct investment, amounted to an aggregate of approximately HK\$428.2 million as compared to approximately HK\$274.9 million in the Previous Year. The segment recorded a loss of approximately HK\$197.8 million in the Reporting Year as compared to loss of approximately HK\$10.3 million in the Previous Year. The increase in segment revenue was primarily due to the increase in coupon income resulting from the increase in the scale of bond investment during the first half of the Reporting Year and the significant year-on-year decrease in the investment loss. The increase in the loss of segment results was primarily due to the drop in prices of some of mainland property developer bonds and non-state-owned enterprise bonds during the Reporting Year, resulting in a significant amount of allowance for expected credit loss required during the Reporting Year, the increase in the scale of financing for bond investments as well as the impact of interest rate hikes causing larger growth in interest expense year-on-year in the first half of the year, and the increase in exchange loss incurred during the Reporting Year.

Other investment and financing

During the Reporting Year, revenue and net investment loss from the other investment and financing segment, which included but not limited to coupon, dividend and distribution income from listed bonds (other than those under fixed-income direct investment), listed equities, unlisted equity interests and unlisted funds, as well as interest income from loans, amounted to an aggregate of approximately HK\$132.8 million as compared to income of approximately HK\$242.7 million in the Previous Year. The turning of segment revenue and net investment profit or loss from their positive performance to negative was primarily due to the general decrease in the fair values of investment projects and the decrease in interest income resulting from the decrease in scale of external loans. Segment results turned from profit-making to loss-making, where the loss was approximately HK\$274.9 million, compared with the profit in the Previous Year of approximately HK\$113.4 million. The turning of segment results from profit to loss was primarily due to the turning of segment revenue and net investment profit or loss from their positive performance to negative as well as the increase in the allowance for expected credit losses on loan and advances during the Reporting Year.

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

	31 December 2022 HK\$'000	31 December 2021 HK\$'000
Investment		
Listed equities (measured at FVTPL)	68,207	152,101
Listed equities (measured at FVOCI)	27,862	–
Unlisted equity interests	259,277	413,105
Bonds (measured at FVOCI)	6,030,539	9,610,682
Bonds (measured at FVTPL)	1,516,117	353,510
Bonds (measured at amortised cost)	–	62,172
Unlisted funds	772,478	852,198
Quoted investment fund	–	11,527
	<hr/>	<hr/>
Total	8,674,480	11,455,295
	<hr/>	<hr/>
Financing		
Loans and advances	439,888	841,160
	<hr/>	<hr/>

As at 31 December 2022, the Group's investment portfolio mainly included but not limited to listed equities, bonds, unlisted equity interests and unlisted funds, covering a wide range of sectors such as industry, pharmaceuticals, technology, consumer goods, real estate and finance.

As at 31 December 2022, the assets of the proprietary investment of the Group amounted to approximately HK\$8.7 billion (2021: approximately HK\$11.5 billion), including bonds investment of approximately HK\$7.5 billion (2021: approximately HK\$10.0 billion). The future performance of such portfolio will depend on many factors, including the uncertainty in the financial markets, the economic development in both Hong Kong and Mainland China and investors' sentiment.

During the Reporting Year, the Group's investment portfolio generated total revenue of an aggregate of approximately HK\$538.8 million (Previous Year: HK\$513.7 million), including interest income of approximately HK\$233.9 million (Previous Year: HK\$305.1 million) from debt securities investments, interest income of approximately HK\$61.6 million (Previous Year: HK\$40.8 million) from FVTPL investments and dividend income and other investment income of approximately HK\$243.3 million (Previous Year: HK\$167.8 million).

For investments classified as financial assets measured at FVOCI and FVTPL, the Group recorded a net loss during the Reporting Year which mainly comprised: (i) net losses from disposal recognized in the consolidated statement of profit or loss and other comprehensive income; (ii) net loss not recycled through profit or loss upon disposal of financial assets measured at FVOCI; and (iii) fair value losses recognised in fair value reserve through other comprehensive income.

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

The unlisted direct investment business of the Group, which included equity interests and funds, mainly focuses on high-tech innovative enterprises and new consumption enterprises that have large growth potential.

The Group engages in financing and loan provision business in the capacity of an “exempted person” as defined under the Money Lenders Ordinance (Cap. 163, Laws of Hong Kong) which does not require a licence under the Money Lenders Ordinance. The Group conducts the relevant business by relying on the said exemption by virtue of China Minsheng Banking Corp., Ltd. (“**China Minsheng Bank**”, together with its subsidiaries (excluding the members of the Group), “**China Minsheng Bank Group**”) being a bank, i.e. an authorised institution, which holds a valid banking licence under the Banking Ordinance (Cap. 155, Laws of Hong Kong).

The loan business of the Group focuses on short-to-mid term financing so as to maintain the flexible configuration and high liquidity of the Group’s assets. During the Reporting Year, the Group granted loans to six market players (“**Borrowers**”), involving market players in various industries, such as sports, technology, real estate and education. The Group implements pre-, peri- and post-investment management. Through putting in place practicable risk control measures and rigorous risk review on each client and each project, the overall credit and operation risk of the loan business of the Group are controllable. The Group constantly monitors and adjusts concentration, maturity profile and risk-to-revenue ratio of the asset portfolio to strike a balance between the overall risk and revenue generation.

The Group's finance provision business has been conducted using the unsecured loan from CMBC International Holdings Limited ("CMBCI", a controlling shareholder of the Company) with a term of 3 years. The interest rate is determined according to the market interest rate. Specifically, at each quarter of the Reporting Year, the interest rate was determined with reference to the applicable HIBOR/LIBOR rate plus a reasonable margin and funding cost of CMBCI. During the Reporting Year, in supporting the business development of the Group, the annual interest rate charged to the Group by CMBCI was 2.5%.

As a general principle, the Group chooses customers with good financial position and steady business operation (no quantitative benchmark) which enable them to pay loan interest and repay the loan principal in accordance with the proposed repayment schedule, as assessed by the Group before granting them the loans.

In deciding whether to grant the loan to corporate customers, the Group does not have any specific requirements on the customers' industry, business operation location, minimum amount of revenue and profit in the last 12 months, minimum amount of total assets, financial benchmarks or operation history. Each application is considered on a case-by-case basis. As a general principle, the Group will take into account factors such as whether the credibility of the customers can match the amount of loans to be granted, whether the securities to be provided by the customers are sufficient in value and whether they are liquid, and whether the proposed term and interest rate of the loans can match the overall credibility of and securities to be provided by such customers.

In relation to individual customers, the Group currently does not have any specific requirements on the age group, occupation, minimum monthly income or minimum amount of assets. Each application is considered on a case-by-case basis. As a general principle, the Group will take into account factors such as the customers' credit history, assets, the quality and liquidity of the securities provided, and the size and terms of the loan. During the Reporting Year, the Group had not granted loans to individual customers.

All the loans were secured by real property mortgage(s) or pledge(s) over shares of private or listed companies and a majority of them was also guaranteed by the respective ultimate beneficial owner(s) of the Borrowers.

All of the Borrowers and their ultimate beneficial owners are independent third parties of the Group and had no past business or dealing with the Group. They were sourced by the Group's deal teams via market information and were not referred by the senior management of the Group. The Group did not have any agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) with any connected person of the Group with respect to the granting of loans to the Borrowers.

The loan terms were determined with reference to factors including the cost of funding, customers' requirements, credit assessment on customers (including income of customers), value, liquidity and enforceability of collaterals, prevailing market interest rates for similar loans, prevailing market condition, the term of the loan and the use of proceeds.

The principal amount of loans as at the end of the Reporting Year were in the range from US\$5,000,000 to US\$30,000,000, either denominated in US\$ or HK\$. The proposed usages of the loan proceeds were financing acquisitions, financing existing indebtedness or financing general working capital of the Borrowers. The interest rates charged to the Borrowers for loans were in the range from 6% to 10% per annum, payable either quarterly or semi-annually, with the maturity profile from around 3 to 12 months.

The aggregate amount of loan receivables of the Group at the end of the Reporting Year was approximately HK\$581,537,000 (2021: HK\$894,441,000), among which: (i) the amount of loan receivables due from the largest Borrower was approximately HK\$180,000,000 (2021: HK\$198,662,000), representing approximately 31% (2021: 22%) of the total loan receivables of the Group; (ii) the amount of loan receivables due from the five largest Borrowers was approximately HK\$545,786,000 (2021: HK\$703,796,000), representing approximately 94% (2021: 79%) of the total loan receivables of the Group; and (iii) the amount of loan loss allowance made for the loan receivables was approximately HK\$141,649,000 (2021: HK\$53,281,000) which was determined by expected credit loss model (the "**ECL Model**") or valuation prepared by independent professional valuer.

As (i) all the Borrowers and their ultimate beneficial owners are independent third parties of the Group, and (ii) all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the each of the loans granted to the Borrowers were less than 5%, each of the loans was not subject to disclosure requirements set out in Chapter 14 and/or Chapter 14A of the Listing Rules. Subsequent to the Reporting Year, on 5 January 2023, the Group entered into a supplemental deed with a borrower, pursuant to which the Group and the borrower agreed to the extension of the repayment dates of the loans in the aggregate amount of HK\$160,000,000. As the highest relevant applicable percentage ratio (as defined in the Listing Rules) in respect of the aforesaid loans exceeds 5% but is less than 25%, the relevant grant of the extension constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. For details, please refer to the Company's announcement dated 5 January 2023.

The Group has in place practice guidelines for controlling the overall credit and operation risk, loan recoverability monitoring and loan collection. After the grant of loan, the business team and risk management department of the Group together monitor the financial conditions of the customers and the collaterals or the guarantors (if any) on a regular basis and take appropriate follow-up action with the transaction counterparties including follow up calls and site visits where the financial condition of the transaction counterparties deteriorates or the value of the collaterals decreases dramatically.

The Group monitors the revenue, profit and cash flows, as well as asset quality of the borrowers and guarantors (collectively, “**Obligors**”) to assess their financial conditions. In particular, the Group assesses the Obligors’ capability to generate steady profit and cash flows. Further, the Group reviews the business development of the Obligors and assesses whether their financial performance meets the expectations, and whether their milestones (if any) are completed as scheduled. In addition, the Group monitors the size of other debts of the Obligors and their repayment schedules (if obtainable), and assesses whether the Obligors have the corresponding repayment ability. Further, the Group monitors whether the Obligors are able to cover their capital expenditures with operating cash flows and external funding. The Group also pays attention to the news and other public information of the Obligors. Where the customer is a listed company, the Group monitors its announcements and the financial information disclosed to the public.

For the collaterals, the Group values the collaterals regularly on a semi-annual or annual basis. If the collaterals are listed shares, the Group monitors the market performance and price movement on daily basis. Where the collateral is a real property, the Group requires a professional third-party valuer to issue a valuation report.

The Group holds monthly meetings for each of the outstanding loan projects. During the meetings, the business team reports to the risk management team and the management in charge on the Obligors’ progress of loan repayment, completion of any milestone events, as well as discusses the Obligors’ latest operating condition, financial status and relevant market and industry information.

Where an Obligor is in default, the Group takes necessary action(s) to safeguard its interests which includes but not limited to, issuing demand letters, enforcing the loan collaterals, negotiating for settlement plans, and/or commencing legal proceedings. Prior to taking any such actions, the investment committee normally convenes a meeting to consider and approve the necessary action(s). To the extent necessary, the Group also seeks advice from third party advisors such as receivers, legal advisors and valuers.

The Group has established the ECL Model to measure the credit losses and impairment of the loans that reflects the changes in credit risk of the underlying assets. The management has the overall responsibility for the Group's credit policies and oversees the credit quality of the Group's receivables and loans portfolio. In addition, the management assesses the recoverable amount of loan receivables individually and incorporates them into the Group's ECL Model which is reviewed or audited by the Group's auditors at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group's provision for impairment of financing and money lending business during the Reporting Year was approximately HK\$88,368,000.

Asset Management

The Group's asset management business covers the Securities and Futures Commission (the "SFC") authorised funds (commonly known as "**public funds**"), private funds, discretionary managed accounts and investment advisory services, and is committed to achieve asset preservation and appreciation through providing one-stop, multi-level asset management service solutions to clients based on their needs. Among which, there are two major categories of public funds, namely bond funds and debt-equity hybrid funds; private funds include private equity-investment funds, hybrid multi-strategy funds and structured funds, etc.

During the Reporting Year, facing various unfavourable factors, such as continuous resurgence of the COVID-19 pandemic, the rapid and frequent rate hikes of the US Federal Reserve, continuous exposure to the risks of bonds issued by Sino-invested real estates enterprises, Russia-Ukraine conflicts and intensified worldwide inflation, as well as the highly volatile global capital markets, the Group's asset management team, by following the principle of being "sensitive to market, loyal to trends, skilled at trading, ready to assume responsibility and strictly self-disciplined", improved the net worth management for asset management portfolios such as funds and specialised accounts, strengthened the management and control on credit risks and market risks, rigorously implemented the list and concentration management mechanism, continuously stuck to short-term investment strategies and conducted prospective adjustment and deployment, enhanced the risk-resistant capacity of portfolio, steadily increased the quality of portfolio management, thereby driving its results and performance significantly to outperform the related market indices. As of 31 December 2022, the scale of the Group's asset management business remained stable, and maintained its slight growth as compared to that as of 31 December 2021.

On 1 August 2022, the Group seized the market opportunities to issue its second public fund — CMBC Aggregate Greater China Strategy Fund, which adopted a hybrid strategy with equity and bonds as an exploration of the advantages of equity-related products, and further enriched the product base of the Group for asset management and better served the needs of the Group’s customers. During the Reporting Year, the net value of that public fund mounted steadily, taking the leading position among the comparable products of similar categories, and bringing stronger return for wealth appreciation of customers.

During the Reporting Year, the Group adhered to the green financial philosophy for sustainable development and adopted the Bloomberg PORT Enterprise ESG Solution. To proactively fulfil the requirements in four aspects covering governance, investment management, risk management and disclosure as stated in “Management and Disclosure of Climate-related Risks by Fund Managers” by the SFC, since November 2022, the Group has started to manage and disclose the climate-related risks of each of its investment portfolios and addressed the risks brought by the global climate changes. Meanwhile, the Group proactively participated in charitable activities in order to assume its responsibilities for social charity. At the end of 2022, the Group was named the “Caring Company of the Inter-bank Market Charity Day 2022” jointly by leading team of targeted support and rural revitalisation, the People’s Bank of China, China Foundation for Development of Financial Education, and China Foreign Exchange Trade System National Interbank Funding Center.

During the Reporting Year, revenue and profit of approximately HK\$166.1 million and HK\$138.0 million, respectively, were recorded for the Group’s asset management segment, as compared to approximately HK\$128.6 million and HK\$96.5 million, respectively, in the Previous Year. The revenue and profit of this segment increased mainly due to the increase in management fee income as a result of the adjustment in part of the management fee rate during the Reporting Year.

Corporate Finance and Advisory

During the Reporting Year, China’s economy was facing uncertainties in various aspects due to the recurring outbreak of the COVID-19 pandemic around the world, the complex international situation and the strengthening of industrial regulations. Despite the unstable market condition, the Group was able to cope with the adverse situation. During the Reporting Year, the number of sponsor projects of the Group successfully listed on the Main Board of the Stock Exchange was 3 (one of which the public offering was made at the end of December 2021 and was listed in early January 2022). In comparison with the performance as of Previous Year where the number of sponsor projects that listed on the Main Board of the Stock Exchange was 3, business performance and ranking remained stable. The projects that were successfully

listed and the projects that the Group had submitted listing applications covered the industries including papermaking felts manufacturing, social new retail, e-commerce, marketing services and special purpose acquisition companies. With respect to stock underwriting, despite the uncertain market condition, the Group, with its excellent underwriting ability, completed a total of 15 stock underwriting projects during the Reporting Year, and these projects covered the industries that have attracted investors' attention in recent years, such as medical, high-end manufacturing, property management, IP operations, e-commerce and special purpose acquisition companies.

During the Reporting Year, the Group's corporate finance and advisory segment recorded revenue of approximately HK\$29.4 million (Previous Year: HK\$64.1 million), and recorded profit of approximately HK\$8.4 million (Previous Year: HK\$34.2 million). The segment revenue and profit decreased due to a lower amount raised by issuers amidst the unstable market condition.

Administrative Expenses and Finance Costs

Administrative expenses and finance costs for the Reporting Year amounted to an aggregate of approximately HK\$434.3 million (Previous Year: HK\$349.7 million). The analysis is set out below:

	For the year ended 31 December 2022 HK\$'000	For the year ended 31 December 2021 HK\$'000
Staff costs	95,046	93,715
Depreciation and amortisation	22,224	26,118
Other administrative expenses	50,882	55,425
Finance costs	266,109	174,428
	<hr/>	<hr/>
Total	434,261	349,686
	<hr/>	<hr/>

The increase in finance costs was mainly due to ongoing increase in the financing interest rate obtained pursuant to the repurchase agreement during the Reporting Year caused by continuous interest rate hike.

FINANCIAL REVIEW

Capital Structure

As at 31 December 2022, the total number of the issued share capital with the par value of HK\$0.4 each was 1,123,664,693 and the total equity attributable to the Company's shareholders (the "Shareholders") was approximately HK\$1,599.4 million (2021: HK\$2,755.7 million).

During the Reporting Year, no shares had been purchased or granted to the selected persons of the Group under the share award scheme which was adopted in February 2016.

Liquidity and Financial Resources

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

As at 31 December 2022, the Group had current assets of approximately HK\$10,739.1 million (2021: HK\$14,405.4 million) and liquid assets comprising cash (excluding cash held on behalf of customers), investment in listed equity securities and debt investments totaling approximately HK\$8,536.3 million (2021: HK\$10,886.2 million).

The Group's current ratio as at the end of the Reporting Year, calculated based on current assets of approximately HK\$10,739.1 million (2021: HK\$14,405.4 million) over current liabilities of approximately HK\$9,173.9 million (2021: HK\$11,667.2 million), was approximately 1.2 (2021: 1.2).

The Group's finance costs for the Reporting Year mainly represented the interest on notes payable of approximately HK\$8.9 million (Previous Year: HK\$11.5 million), interest on loans from an intermediate holding company of approximately HK\$148.9 million (Previous Year: HK\$119.0 million), interest on repurchase agreements of approximately HK\$105.3 million (Previous Year: HK\$38.6 million), and interest on lease liabilities of approximately HK\$3.0 million (Previous Year: HK\$4.0 million).

As at 31 December 2022, the Group's indebtedness mainly comprised loans from CMBCI and financial assets sold under repurchase agreements of approximately HK\$8,624.7 million (2021: HK\$10,772.8 million). The loans principal from CMBCI of approximately HK\$4,649.7 million (2021: HK\$3,654.7 million) were denominated in Hong Kong dollars and United States dollars and borne interests at rate of 2.5% per annum (2021: 2.5% to 3.5% per annum) and were repayable within one year. As of 31 December 2022, there were no notes payable (31 December 2021: notes payable in the aggregate principal amount of US\$145 million denominated in United States dollars, due within one year, and borne interest at rates of 1% to 1.8% per annum). As at 31 December 2022, the Group entered into repurchase agreements with financial institutions to sell bonds recognised as financial assets measured at FVOCI and financial assets measured at FVTPL with carrying amount of approximately HK\$4,912.1 million (2021: HK\$7,820.5 million), which are subject to the simultaneous agreements to repurchase these investments at the agreed dates and prices.

The Group's gearing ratio, calculated on the basis of total indebtedness divided by the sum of total indebtedness and equity attributable to the Company's owners, was approximately 84.4% (2021: approximately 79.6%).

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

Pledge of asset

Except as otherwise disclosed, as at 31 December 2022, the Group did not have other pledge or charge on asset (31 December 2021: Nil).

Contingent liability

Except as otherwise disclosed, as at 31 December 2022, the Group did not have other significant contingent liability (31 December 2021: Nil).

Capital commitment

As at 31 December 2022, the Group did not have any significant capital commitment (31 December 2021: Nil).

Significant investments held

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

Material acquisitions and disposals of subsidiaries and associates

For the year ended 31 December 2022, the Group had no material acquisitions or disposals of subsidiaries and associates.

FINAL DIVIDEND

The Board did not recommend any final dividend to the Shareholders for the year ended 31 December 2022 (Previous Year: final dividend of HK7.48 cents per share).

FOREIGN CURRENCY RISK MANAGEMENT

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

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2022, the Group had about 75 (2021: about 79) employees including the Directors. For the Reporting Year, the total staff costs, including the Directors' remuneration, was approximately HK\$95.0 million (Previous Year: approximately HK\$93.7 million). Remuneration packages for the employees and the Directors are structured by reference to market terms, individual competence, performance and experience. Benefits plans provided by the Group include mandatory provident fund scheme, subsidised training program, share option scheme, share award scheme and discretionary bonuses.

OUTLOOK

Prospects

Although the Group is optimistic about the long-term sustainable economic growth in Hong Kong and the Mainland China, in the short run, fixed income investment prices are expected to remain under large fluctuations. The Group's financing prices continued to maintain at a high level, further exacerbating the pressure on profit. In the meantime, the epidemic has been effectively alleviated and the economic growth in the Mainland China and Hong Kong has been accelerated to recover, which brought opportunities to the ongoing operations, profitability and financing ability of various companies, including the Group's clients. The Group will uphold the established strategy that risk control and internal control and compliance are the top priorities, closely monitor the situation, reasonably control the capital leverage ratio, optimize the investment portfolio, seek potential investment opportunities, and seize opportunities to actively increase revenue while adhering to the bottom line of risk compliance.

Development Strategy

The Group will maintain the overall keynote of steady development and continuous innovation, focus closely on the overall strategic objectives of China Minsheng Bank, seriously implement the basic strategy of China Minsheng Bank (a non-state-owned enterprise, an agile and open bank, and a bank with considerate services), and continue to broaden and deepen the business structure and scope of the Group in order to ensure the continuous growth of the Group's overall performance. The Group will further improve its FinTech platform and actively explore the development of a networked and data-driven business system in order to provide better services to its clients.

As a key member of China Minsheng Bank Group and its offshore investment banking platform, the Group will continue to capitalise its advantages to focus on the premium clients of China Minsheng Bank, especially in providing a full range of financial services in Hong Kong to the emerging premium private enterprises in China. At the same time, the Group will continue to actively seek merger and acquisition opportunities that are beneficial to the long-term development of the Company and strive to become a platform for the supply of international investment banking products and services for China Minsheng Bank and a financial services platform for cross-border business of key clientele, so as to continue to create greater and longer-term investment returns for the Shareholders.

The specific development strategies of the Group include:

- (1) Actively promote the development of listing sponsorship and equity underwriting business, expand project sources through multiple measures, optimise and improve the business synergy mechanism, and assist clients in opening up the investment banking business channels in Hong Kong in line with the Group's overall strategic planning. The Group will strengthen the exploration and marketing of medium and large investment banking projects to enhance market influence;
- (2) The Group will further strengthen the sourcing of high-quality corporate bond business, enhance business synergies with China Minsheng Bank Group, expand cooperation with high-quality financial peers and explore new high-quality client resources. The Group will encourage and support customers to issue green bonds or other green financial products. The Group will further enhance our bond sales capabilities and progressively build a professional sales team;
- (3) To serve the strategic concept of "One Minsheng", the Group will make full use of the advantages of our rich business platform resources, and gradually strengthen the marketing implementation of high-quality private equity projects with the aim of serving the national strategic development direction and China Minsheng Bank's high-quality customers;
- (4) With efficient sales model, accurate product development and quality management services as the three core guidelines for asset management business development, the Group will continue to optimise the quality of our asset management portfolio and enhance our management scale and fee income. The Group will seize the historical development opportunities arising from the integration of the Greater Bay Area and the interconnection and interoperability of the two places, promote mutual recognition of funds, enhance product innovation and liberalisation, and build a comprehensive and diversified offshore asset management platform;
- (5) The Group keeps up with market opportunities and is committed to providing all-round support and complementary product for the overseas financial service needs of high-quality and high-net-worth individual customers of China Minsheng Bank, and making every effort to build the Company's wealth management business platform; and

- (6) The Group actively responds to changes in the market environment and strengthens credit and market risk control and cost control. In response to the complex economic and financial environment and the continuously fluctuating capital market, the Group strengthens credit research on bond issuers, conducts all-dimensional structural adjustment and tracking and monitoring of each portfolio, further optimises the portfolio structure, and asset quality as well as enhances risk resistance. The Group also implements pre-investment risk prevention and control and post-investment management and disposal of financing and loans business. At the same time, the Group will constantly enhance cost management, effectively exhibit the guiding and restraining effects of financial contributions on business development.

In addition, the Company is committed to enhancing its corporate governance capabilities, adhering to the strategic plan of the China Minsheng Bank Group, building a quality talent pipeline based on sound operations, enhancing its revenue generating business capabilities, promoting the continuous professional development of all employees, promoting green finance and sustainable development, and enhancing its brand influence, with a view to creating long-term value for customers, Shareholders, employees and the society.

EVENTS AFTER THE REPORTING YEAR

Save as disclosed in this announcement, there were no significant events after the Reporting Year and up to the date of this announcement.

RISK MANAGEMENT CAPABILITIES

The Group has always believed that operating the Group's business in full compliance with laws and regulations and effective risk prevention and control are the prerequisites and guarantees for its healthy development, and the Group shall continue to strengthen its overall risk management capability. The Board has established the Risk Management and Internal Control Committee to oversee the overall risk management framework of the Group. The Group takes a pragmatic approach to managing different risks based on the professional category and has implemented all-rounded risk management, primarily including credit risks, market risks, risks of legal compliance, operation risks and liquidity risks. The Group has implemented all-rounded risk management policies and procedures, covering different business sectors, and established the risk management framework which is in line with the business development strategy. The Group will strictly perform risk management tasks within the existing governance framework, implement the risk management measures and internal control system, and constantly enhance its risk management capabilities and level.

CORPORATE GOVERNANCE

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

APPOINTMENT OF CHAIRMAN AND GENERAL MANAGER

Code Provision C.2.1

Code Provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and shall not be performed by the same individual.

Deviation

Mr. Li Jinze, the former chairman of the Company, resigned on 13 June 2022. Due to the resignation of Mr. Li Jinze, Mr. Ding Zhisuo, the then executive Director and general manager of the Company, had been acting as a substitute in performing the duties of the chairman as approved by the Board until a new chairman is appointed by the Company. On 6 January 2023, the Company has appointed Mr. Li Baochen as the chairman and Mr. Li Ming as the general manager so as to ensure compliance with aforesaid code provision of the CG Code.

ATTENDANCE OF THE ANNUAL GENERAL MEETING

Code Provision F.2.2

Code Provision F.2.2 stipulates that the chairman of the board should attend the annual general meeting and invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) or in the absence of the chairmen of such committees, another member of the committee (or failing this his duly appointed delegate), to attend and be available to answer questions at the annual general meeting.

Deviation

Due to the resignation of Mr. Li Jinze on 13 June 2022 and the other business engagements of the chairmen and members of the audit committee, the nomination committee and the remuneration committee of the Company, they were unable to attend the annual general meeting of the Company held on 29 June 2022 (the “2022 AGM”). However, Mr. Ding Zhisuo, the then executive Director and general manager of the Company who was acting as the chairman, had chaired the 2022 AGM and answered questions from the Shareholders. The 2022 AGM had provided a channel for communication between the Board and the Shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by its Directors. Having made specific enquiries of all Directors, all Directors confirmed that they have fully complied with the required standards as set out in the Model Code throughout the Reporting Year.

OTHER INFORMATION

Audit Committee

The audited consolidated financial statements of the Company for the year ended 31 December 2022 have been reviewed by the audit committee of the Company before they are duly approved by the Board under the recommendation of the audit committee of the Company.

Scope of work of PricewaterhouseCoopers

The figures in respect of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 of the Group as set out in this announcement have been agreed by the Group’s Registered Public Interest Entity Auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the Reporting Year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

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

The Board recognised that the repurchase of shares of the Company could increase the net asset value, so during the Reporting Year, the Company repurchased a total of 48,906,500 shares of the Company on the Stock Exchange, with a total consideration (before transaction costs) of approximately HK\$98.1 million. As at the date of this announcement, all repurchased shares have been cancelled.

Details of repurchase are as follows:

Month of repurchase	Total shares repurchased	Highest price paid per share (HK\$)	Lowest price paid per share (HK\$)	Total consideration paid (HK\$'000)
January	5,958,500	3.91	2.61	19,908
February	6,211,000	2.96	2.43	16,111
March	814,000	1.75	1.67	1,408
April	4,241,000	1.85	1.44	7,051
May	4,293,000	1.78	1.55	7,216
June	7,808,000	2.10	1.51	14,613
July	5,197,000	2.07	1.64	9,229
August	238,000	1.69	1.62	396
September	4,196,000	1.87	1.68	7,568
October	4,210,000	1.92	1.52	7,343
November	5,184,000	1.64	1.07	6,345
December	556,000	1.65	1.34	862
Total:	<u>48,906,500</u>			<u>98,050</u>

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

PUBLICATION OF ANNUAL REPORT

The 2022 annual report of the Company containing all the applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cmbccap.com) in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business partners and other professional parties for their support throughout the Reporting Year.

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

Hong Kong, 29 March 2023

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