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## **CHINA RENAISSANCE HOLDINGS LIMITED**

## **華興資本控股有限公司**

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

**(Stock Code: 1911)**

### **DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2022 ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022 AND SUSPENSION OF TRADING**

Pursuant to Rule 13.49(1) and Rule 13.49(2) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), China Renaissance Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is required to publish a preliminary announcement of its results for the year ended December 31, 2022 (the “**2022 Annual Results**”) not later than three months after the end of its financial year, i.e. by March 31, 2023, and such results shall be based on the financial statements for the financial year which shall have been agreed with the auditors of the Company (“**Auditors**”).

### **DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS ANNOUNCEMENT AND DESPATCH OF ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2022**

The board (the “**Board**”) of directors (the “**Directors**” or each a “**Director**”) of the Company announces that the Auditors have informed the Company that they are not able to complete their audit and sign off their auditor’s report prior to (i) Mr. Bao Fan (“**Mr. Bao**”), the Chairman, an Executive Director, the Chief Executive Officer and the controlling shareholder of the Company becoming generally available for contact to facilitate the Auditors’ representatives understanding of the events as announced by the Company on 16 and 26 February 2023; and (ii) completion of additional audit procedures that may arise from the foregoing.

While the Company has used its best efforts to facilitate the requests of the Auditors, request (i) above are not matters within the control of the Group and therefore also matters referred to in (ii) that may arise in consequence. Accordingly, those matters remain unresolved as at the date of this announcement. For the same reason, the Board is not able to reasonably estimate when it would meet to approve the 2022 Annual Results that have been agreed by the Auditors and the Company also expects that it will be unable to despatch the Company's annual report for the year ended December 31, 2022 ("**2022 Annual Report**") on or before April 30, 2023 as required under Rule 13.46(2) of the Listing Rules, unless the above matters could be resolved.

The Board has assessed that the Company's delay of publication of the 2022 Annual Results would not have material adverse effect to the Group's business and operation, which are continuing normally.

## **ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022**

Rule 13.49(3) of the Listing Rules provides that where an issuer is unable to make an announcement of its preliminary results based on its financial statements in accordance with Rules 13.49(1) and 13.49(2) of the Listing Rules, it must announce its financial results which have yet to be agreed with its auditors not later than three months after the end of the financial year.

The Board therefore announces the Company's unaudited consolidated financial statements for the year ended December 31, 2022, together with the corresponding comparative audited financial statements for the year ended December 31, 2021, below. The unaudited consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

In approving this announcement, the Company's Non-executive Directors and the Independent Non-executive Directors (also being members of its Audit Committee) have abstained from approving such unaudited financial statements solely in light of the fact that the Auditors have not been able to form their audit opinion and agree to such unaudited financial statements. The Executive Directors wish to emphasize that the information contained in this announcement is only based on the unaudited consolidated financial statements for the year ended December 31, 2022, and when the above matters as requested by the Auditors have been resolved and the Auditors are able to complete their audit, the audited consolidated financial statements to be sign-off by the Auditors may or may not be the same as in the unaudited consolidated financial statements for the year ended December 31, 2022. Accordingly, shareholders and potential investors should note that the actual 2022 Annual Results may be significantly different from the disclosure in this announcement.

The Company will make further announcement(s) with respect to the release of the 2022 Annual Results as soon as practicable after they have been agreed with the Auditors and the material differences (if any) as compared with the unaudited financial statements, and the despatch of the 2022 Annual Report in accordance with the Listing Rules as and when appropriate.

**The financial information of the Group for the year ended December 31, 2022, contained in this announcement have not been audited and have not been agreed with the auditors or the audit committee of the Company. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

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

	<b>For the Year Ended</b>	
	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
<b>Total revenue</b>	<b>1,585,380</b>	1,744,483
<b>Total revenue and net investment gains</b>	<b>1,586,889</b>	2,504,011
<b>Total operating expenses</b>	<b>(1,906,176)</b>	(1,641,207)
<b>Operating (loss) profit</b>	<b>(319,287)</b>	862,804
<b>(Loss) Profit before tax</b>	<b>(598,428)</b>	1,855,904
Income tax benefit (expense)	<b>10,678</b>	(210,519)
<b>(Loss) Profit for the year</b>	<b>(587,750)</b>	1,645,385
<b>(Loss) Profit for the year attributable to owners of the Company</b>	<b>(563,792)</b>	1,624,362

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

	<b>For the Year Ended</b>	
	<b>December 31,</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
<b>(Loss) Profit for the year attributable to owners of the Company</b>	<b>(563,792)</b>	1,624,362
Add:		
Share-based payment expense	<b>113,478</b>	62,703
Change in fair value of call option	<b>82,000</b>	(844,170)
<b>Subtotal before adjustments relating to carried interest</b>	<b>(368,314)</b>	842,895
Add:		
Reversal of unrealized net carried interest <sup>(1)</sup>	<b>(216,630)</b>	(256,993)
<b>Non-IFRS Measure: Adjusted net (loss) profit attributable to owners of the Company (unaudited)<sup>(2)</sup></b>	<b>(584,944)</b>	585,902

*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.

	<b>For the Year Ended</b>	
	<b>December 31,</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
Reversal of unrealized income from carried interest	<b>(791,193)</b>	(453,128)
Reversal of carried interest to management team and other parties	<b>574,563</b>	196,135
<b>Reversal of unrealized net carried interest</b>	<b>(216,630)</b>	(256,993)

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 December 31, 2022, accumulated unrealized income from carried interest and unrealized net carried interest were RMB3.7 billion and RMB1.1 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 year attributable to owners of the Company adjusted for the impact of (i) share-based payment expense, (ii) change in fair value of call option, (iii) reversal of unrealized income from carried interest, and (iv) reversal of carried interest to management team and other parties.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review

In 2022, the IPO and secondary stock markets in Hong Kong and the US proved to be one of the most challenging in the past decade. 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. In response to the complex external environment, China Renaissance pursued progress in a prudent manner. Total revenue and net investment gains of the Group for the year amounted to RMB1.6 billion. Excluding the one-off impact from the provision for expected credit loss in the second half of 2022, business operations improved in the second half of 2022 as compared to the corresponding period of 2021 as well as the first half of 2022.

In 2022, the investment management business accounted for 53% of the Group's total revenue. The steadily increasing management fees and accelerated realization of carried interest provided robust support for the Group's performance. In spite of the challenging conditions in the fund-raising environment, the fee-earning assets under management ("AUM") under the investment management business of the Group further increased to RMB26.9 billion as at the end of 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 and diversified product portfolio to new-economy enterprises and investors.

During the Reporting Period, the Group accelerated the realization of carried interest in our financial statements. In 2022, RMB402 million gross carried interest (RMB143 million net carried interest) was realized in our profit and loss statement, significantly higher than that of the corresponding period of 2021. Revenue from realized carried interest accounted for 47% of the total segment revenue of investment management business for the Reporting Period. As at the end of the Reporting Period, the accumulated gross unrealized carried interest amounted to RMB3.7 billion (net unrealized carried interest amounted to RMB1.1 billion), approximately half of which was contributed from the funds raised in 2013 to 2015. It is expected that carried interest will continue to be a significant contributor to our investment management business as well as the Group's performance.

Despite the ongoing market downturns, the Group carried out exits from portfolio projects with a total amount of RMB6.7 billion. As at the end of the Reporting Period, the total AUM of investment management business amounted to RMB42.9 billion. Although the investment gains during the Reporting Period were at relatively low level due to market factors, market risks have been substantially mitigated, resulting in improvement in the second half of 2022 as compared to the first half of 2022 as well as the corresponding period of 2021. Pressure of further reduction in investment portfolio valuation in the future was mitigated.

In 2022, the IPO markets in Hong Kong and the US were 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, namely Huitongda and AInnovation, as a joint sponsor. In respect of private placement segment, 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 hard technology, new energy and advanced manufacturing sectors, completing a more comprehensive layout in essential fields of the new economy.

China Renaissance Securities (China) Co., Ltd (“**CR Securities**”) recorded a revenue of RMB127 million from the investment banking business in 2022, which was a historical high. During the Reporting Period, CR Securities completed the A share IPO project for Glory View Technology as a sponsor and the lead underwriter and the A share IPO project for Jingwei Hengrun as a joint lead underwriter, and obtained approval for one convertible bond deal as well as approvals for two additional IPO applications. CR Securities expanded its investment banking team to 90 members from 63 members at the beginning of the year and established a new regional team for the Yangtze River Delta, enriching the matrix structure of “industry team + regional team”. In terms of innovative brokerage business, the App Duoduojin was officially launched in November 2022, with over 120,000 registered users in the first batch and approximately 50,000 new accounts opened by customers. In addition, CR Securities optimized its shareholder structure in 2022 and introduced new strategic investors.

In 2022, our wealth management business continued its healthy growth. As at the end of the Reporting Period, the AUM from alternative assets, a specialty of the Group, further increased to RMB3.8 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.

## **Business Outlook**

As we enter 2023, there is a high level of uncertainty in the external financial and economic environments, particularly due to the impact of the collapse of Silicon Valley Bank and Credit Suisse, against the backdrop of ongoing tension in the Russian-Ukrainian war, continued interest rate hikes of the Federal Reserve and rising financing costs.

Nevertheless, there are many opportunities where uncertainties lie. In China, as the pandemic control measures have further relaxed, there are a number of emerging high-quality enterprises which focus on different market segments and with significant competitive strengths. Continuous efforts will be made to identify and support outstanding companies and entrepreneurs emerging in these fields, helping them grow into new industry leaders. China Renaissance will continue to develop its investment management business while performing its responsibilities and fulfilling its commitment. China Renaissance will seek active exits from selective portfolio investments and realize carried interest in our financial statements in the coming years.

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. Moreover, in the first quarter of 2023, the Group actively repaid its syndicated loans to further reduce the debt level and lower financial costs.

Although the road ahead is long and fraught with challenges, by persevering ahead we will reach our goals. We have overcome significant obstacles and navigated various ups and downs over the past year, and we believe that the Group is well positioned for a new start when appropriate opportunities arise.

## Financial Review

### Segment Performance

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

	For the Year Ended		Change	% of change
	2022	2021		
	RMB'000	RMB'000	RMB'000	
<b>Business Segment</b>				
Investment Banking	422,824	1,100,656	(677,832)	-61.6%
Investment Management	847,531	910,540	(63,009)	-6.9%
CR Securities	204,820	409,633	(204,813)	-50.0%
Others	111,714	83,182	28,532	34.3%
<b>Total revenue and net investment gains or losses</b>	<b>1,586,889</b>	<b>2,504,011</b>	<b>(917,122)</b>	<b>-36.6%</b>

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

	For the Year Ended		Change	% of change
	2022	2021		
	RMB'000	RMB'000	RMB'000	
<b>Business Segment</b>				
Investment Banking	(76,152)	309,332	(385,484)	n.m.
Investment Management	(10,988)	540,201	(551,189)	n.m.
CR Securities	(147,526)	78,005	(225,531)	n.m.
Others	(84,621)	(64,734)	(19,887)	30.7%
<b>Operating (loss) profit</b>	<b>(319,287)</b>	<b>862,804</b>	<b>(1,182,091)</b>	<b>n.m.</b>

## ***Investment Banking***

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

	For the Year Ended		Change	% of change
	December 31,			
	2022	2021		
	RMB'000	RMB'000	RMB'000	
<b>Investment Banking</b>				
Advisory services	268,832	537,929	(269,097)	-50.0%
Equity underwriting	17,873	348,889	(331,016)	-94.9%
Sales, trading, and brokerage	134,739	192,947	(58,208)	-30.2%
Interest Income	—	4,873	(4,873)	-100.0%
<b>Segment revenue</b>	<b>421,444</b>	<b>1,084,638</b>	<b>(663,194)</b>	<b>-61.1%</b>
Net investment gains	1,380	16,018	(14,638)	-91.4%
<b>Segment revenue and net investment gains</b>	<b>422,824</b>	<b>1,100,656</b>	<b>(677,832)</b>	<b>-61.6%</b>
Compensation and benefit expenses	(323,120)	(592,309)	269,189	-45.4%
Impairment loss under expected credit loss model, net of reversal	(38,055)	(44,999)	6,944	-15.4%
Other operating expenses	(137,801)	(154,016)	16,215	-10.5%
<b>Segment operating expenses</b>	<b>(498,976)</b>	<b>(791,324)</b>	<b>292,348</b>	<b>-36.9%</b>
<b>Segment operating (loss) profit</b>	<b>(76,152)</b>	<b>309,332</b>	<b>(385,484)</b>	<b>n.m.</b>

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

	For the Year Ended		Change	% of change
	December 31,			
	2022	2021		
	RMB in million	RMB in million	RMB in million	
<b>Transaction Value</b>				
Advisory services	38,607	49,354	(10,747)	-21.8%
Equity underwriting	2,839	174,156	(171,317)	-98.4%
<b>Total</b>	<b>41,446</b>	<b>223,510</b>	<b>(182,064)</b>	<b>-81.5%</b>

### ***Segment Revenue and Net Investment Gains***

Investment banking revenue and net investment gains were RMB422.8 million for the year ended December 31, 2022, a decrease of 61.6% from the year ended December 31, 2021. The decrease was mainly attributable to a significant decline in the market volume of Initial Public Offerings for new economy businesses in Hong Kong and the United States for the year of 2022 comparing to the year of 2021 and significantly reduced financing activities in private placement market, resulting in lower equity underwriting revenue and advisory services revenue 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 36.9% from RMB791.3 million for the year ended December 31, 2021 to RMB499.0 million for the year ended December 31, 2022, which was primarily attributed to the decrease in compensation and benefit expenses from RMB592.3 million for the year ended December 31, 2021 to RMB323.1 million for the year ended December 31, 2022.

### ***Segment Operating (Loss) Profit***

For the investment banking segment, segment operating loss was RMB76.2 million for the year ended December 31, 2022, as compared to RMB309.3 million of segment operating profit for the year ended December 31, 2021.

## *Investment Management*

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

	For the Year Ended		Change	% of change
	2022	2021		
	RMB'000	RMB'000	RMB'000	
<b>Investment Management</b>				
Management fees	<b>495,036</b>	407,995	87,041	21.3%
Realized income from carried interest	<b>402,353</b>	28,815	373,538	1,296.3%
Interest income	<b>20,394</b>	—	20,394	n.m.
<b>Segment revenue</b>	<b>917,783</b>	436,810	480,973	110.1%
Net investment (losses) gains	<b>(70,252)</b>	473,730	(543,982)	n.m.
<b>Segment revenue and net investment gains or losses</b>	<b>847,531</b>	910,540	(63,009)	-6.9%
Compensation and benefit expenses	<b>(153,063)</b>	(214,359)	61,296	-28.6%
Finance costs	<b>(29,541)</b>	(40,045)	10,504	-26.2%
Carried interest to management team and other parties	<b>(259,288)</b>	(11,734)	(247,554)	2,109.7%
Investment losses attributable to interest holders of consolidated structured entities	<b>32,929</b>	1,320	31,609	2,394.6%
Impairment loss under expected credit loss model, net of reversal	<b>(348,030)</b>	(1,835)	(346,195)	18,866.2%
Other operating expenses	<b>(101,526)</b>	(103,686)	2,160	-2.1%
<b>Segment operating expenses</b>	<b>(858,519)</b>	(370,339)	(488,180)	131.8%
<b>Segment operating (loss) profit</b>	<b>(10,988)</b>	540,201	(551,189)	n.m.

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 year indicated.

	<b>Investments in our own funds RMB'000</b>	<b>Investments in third-party funds RMB'000</b>
Balance at December 31, 2021	3,271,627	1,104,043
Invested Capital	258,878	86,450
Distribution	(2,209,893)	(90,513)
Changes in value	(41,349)	(87,045)
Effect of exchange rate change	84,387	79,781
Balance at December 31, 2022	1,363,650	1,092,716

As of December 31, 2022, the IRR of investments in our own private equity funds and investments in third-party private equity funds was 25.3% and 23.2%, respectively.

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

	<b>As of December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<i>RMB in million</i>	<i>RMB in million</i>
Committed Capital	36,551	32,723
Invested Capital	30,424	27,897
Fair Value of Investments	58,692	58,155
Fee-earning AUM	26,904	23,761
AUM	42,896	48,850

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

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

<i>RMB in million except multiples and percentages</i>	Committed Capital	Realized Investments <sup>(1)</sup>		Unrealized Investments		Gross Multiple of Invested Capital <sup>(2)</sup>
		Invested capital	Fair Value	Invested capital	Fair Value	
<b>As of December 31, 2022</b>						
Main Funds <sup>(3)</sup>	29,516	4,655	14,138	18,653	32,228	2.0
Project Funds	7,035	2,819	7,012	4,297	5,314	1.7
<b>Total</b>	<b>36,551</b>	<b>7,474</b>	<b>21,150</b>	<b>22,950</b>	<b>37,542</b>	<b>1.9</b>
<b>As of December 31, 2021</b>						
Main Fund <sup>(3)</sup>	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
<b>Total</b>	<b>32,723</b>	<b>4,645</b>	<b>14,170</b>	<b>23,252</b>	<b>43,985</b>	<b>2.1</b>

(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 December 31, 2022, we managed eleven main private equity funds, including eight under our Huaxing Growth Capital and three under our Huaxing Healthcare Capital.

### *Segment Revenue and Net Investment Gains or Losses*

For the investment management segment, management fees increased by 21.3% from RMB408.0 million for the year ended December 31, 2021 to RMB495.0 million for the year ended December 31, 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 first closing of Huaxing Growth Capital RMB Fund IV in April, 2022. The committed capital increased 11.7% from RMB32.7 billion as of December 31, 2021 to RMB36.6 billion as of December 31, 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 RMB70.3 million for the year ended December 31, 2022, as compared to RMB473.7 million of net investment gains for the year ended December 31, 2021. Drastic volatilities in secondary markets in 2022 inevitably affected the mark-to-market valuations in our investment management business, despite our active management of public market positions within investment portfolios.

As of December 31, 2022, the total return of three main funds and five project funds have 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 RMB28.8 million for the year ended December 31, 2021 to RMB402.4 million for the year ended December 31, 2022.

### *Segment Operating Expenses*

For the investment management segment, segment operating expenses increased from RMB370.3 million for the year ended December 31, 2021 to RMB858.5 million for the year ended December 31, 2022. This increase was primarily due to (i) an increase in provision of impairment loss under expected credit loss model, please see note 7 of consolidated financial statements for further details, (ii) an increase in carried interest to management team and other parties, and partially offset by a decrease in compensation and benefits and an increase in investment losses attributable to interest holders of consolidated structured entities.

### *Segment Operating (Loss) Profit*

For the investment management segment, segment operating loss was RMB11.0 million for the year ended December 31, 2022, as compared to RMB540.2 million of segment operating profit for the year ended December 31, 2021.

## CR Securities

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

	For the Year Ended		Change	% of change
	December 31,			
	2022	2021		
	RMB'000	RMB'000	RMB'000	
<b>CR Securities</b>				
Transaction and advisory fees	157,428	118,771	38,657	32.5%
Interest income	18,751	32,322	(13,571)	-42.0%
<b>Segment revenue</b>	<b>176,179</b>	<b>151,093</b>	<b>25,086</b>	<b>16.6%</b>
Net investment gains	28,641	258,540	(229,899)	-88.9%
<b>Segment revenue and net investment gains</b>	<b>204,820</b>	<b>409,633</b>	<b>(204,813)</b>	<b>-50.0%</b>
Compensation and benefit expenses	(247,017)	(218,331)	(28,686)	13.1%
Investment (losses) gains attributable to interest holders of consolidated asset management schemes	650	(965)	1,615	n.m.
Impairment loss under expected credit loss model, net of reversal	79	(796)	875	n.m.
Finance cost	(20,795)	(36,488)	15,693	-43.0%
Other operating expenses	(85,263)	(75,048)	(10,215)	13.6%
<b>Segment operating expenses</b>	<b>(352,346)</b>	<b>(331,628)</b>	<b>(20,718)</b>	<b>6.2%</b>
<b>Segment operating (loss) profit</b>	<b>(147,526)</b>	<b>78,005</b>	<b>(225,531)</b>	<b>n.m.</b>

### *Segment Revenue and Net Investment Gains*

For the CR Securities segment, segment revenue was RMB176.2 million for the year ended December 31, 2022, an increase of 16.6% from RMB151.1 million for the year ended December 31, 2021. This increase was primarily due to an increase in equity underwriting revenue for the IPO in the STAR market of Shanghai Stock Exchange and the IPO in the Growth Enterprise Board of Shenzhen Stock Exchange. Net investment gains decreased from RMB258.5 million for the year ended December 31, 2021 to RMB28.6 million for the year ended December 31, 2022. This decrease was primarily due to decrease in investment income from principal investment and co-investments in previously underwritten IPO projects on Science and Technology Innovation Board, affected by A share volatilities.

### *Segment Operating Expenses*

For the CR Securities segment, segment operating expenses increased by 6.2% from RMB331.6 million for the year ended December 31, 2021 to RMB352.3 million for the year ended December 31, 2022. This was primarily due to the increase in compensation and benefit expenses and other operating expenses, resulting from the expansion of business, and partially offset by a decrease in finance cost.

### *Segment Operating (Loss) Profit*

For the CR Securities segment, segment operating loss for the year ended December 31, 2022 was RMB147.5 million, which was a shift from segment operating profit of RMB78.0 million for the year ended December 31, 2021.

### *Others*

The others segment mainly comprises of 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 years indicated.

	For the Year Ended		Change	% of change
	December 31,			
	2022	2021		
	RMB'000	RMB'000	RMB'000	
<b>Others</b>				
<b>Segment revenue</b>	<b>69,974</b>	71,942	(1,968)	-2.7%
<b>Segment revenue and net investment gains</b>	<b>111,714</b>	83,182	28,532	34.3%
Compensation and benefit expenses	(103,861)	(74,289)	(29,572)	39.8%
Impairment loss under expected credit loss model, net of reversal	(87)	1,230	(1,317)	n.m.
Finance cost	(62,117)	(35,948)	(26,169)	72.8%
Other operating expenses	(30,270)	(38,909)	8,639	-22.2%
<b>Segment operating expenses</b>	<b>(196,335)</b>	(147,916)	(48,419)	32.7%
<b>Segment operating loss</b>	<b>(84,621)</b>	(64,734)	(19,887)	30.7%

#### *Segment Revenue and Net Investment Gains*

For the others segment, total revenue and net investment gains were RMB111.7 million for the year ended December 31, 2022, an increase of 34.3% from RMB83.2 million for the year ended December 31, 2021. This increase was primarily due to increase in investment gains generated from cash management products.

#### *Segment Operating Expenses*

For the others segment, segment operating expenses increased by 32.7% from RMB147.9 million for the year ended December 31, 2021 to RMB196.3 million for the year ended December 31, 2022.

#### *Segment Operating Loss*

For the others segment, total segment operating loss was RMB84.6 million and RMB64.7 million for the year ended December 31, 2022 and 2021, respectively.

## *Revenue and Net Investment Gains*

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

	For the year ended		Change	% of change
	2022	2021		
	RMB'000	RMB'000	RMB'000	
Transaction and advisory fees	578,872	1,198,536	(619,664)	-51.7%
Management fees	529,032	442,102	86,930	19.7%
Interest income	75,123	75,030	93	0.1%
Income from carried interest	402,353	28,815	373,538	1,296.3%
<b>Total revenue</b>	<b>1,585,380</b>	<b>1,744,483</b>	<b>(159,103)</b>	<b>-9.1%</b>
Net investment gains	1,509	759,528	(758,019)	-99.8%
<b>Total revenue and net investment gains</b>	<b>1,586,889</b>	<b>2,504,011</b>	<b>(917,122)</b>	<b>-36.6%</b>

Total revenue was RMB1,585.4 million for the year ended December 31, 2022, a decrease of 9.1% from RMB1,744.5 million for the year ended December 31, 2021.

- Transaction and advisory fees were RMB578.9 million, a decrease of 51.7% from the prior year.
- Management fees increased to RMB529.0 million, an increase of 19.7% from the prior year.
- Interest income was RMB75.1 million, an increase of 0.1% from the prior year.
- Realized income from carried interest was RMB402.4 million, an increase of 1,296.3% from the prior year.

Net investment gains were mainly derived from investments in our own private equity funds, 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 gains decreased from RMB759.5 million for the year ended December 31, 2021 to RMB1.5 million for the year ended December 31, 2022.

Total revenue and net investment gains were RMB1,586.9 million for the year ended December 31, 2022, a decrease of 36.6% from RMB2,504.0 million for the year ended December 31, 2021.

## ***Operating Expenses***

Total operating expenses increased by 16.1% from RMB1,641.2 million for the year ended December 31, 2021 to RMB1,906.2 million for the year ended December 31, 2022.

Compensation and benefit expenses were RMB827.1 million and RMB1,099.3 million for the year ended December 31, 2022 and 2021, respectively. Among compensation and benefit expenses, share-based compensation increased by 81.0% from RMB62.7 million for the year ended December 31, 2021 to RMB113.5 million for the year ended December 31, 2022.

Finance costs were RMB112.5 million and RMB112.5 million for the year ended December 31, 2022 and 2021, respectively.

Provision of impairment losses under expected credit loss model increased from RMB46.4 million for the year ended December 31, 2021 to RMB386.1 million for the year ended December 31, 2022 for prudent considerations.

Investment losses attributable to interest holders of consolidated structured entities were RMB33.6 million and RMB0.4 million for the year ended December 31, 2022 and 2021, respectively.

Carried interest to management team and other parties increased from RMB11.7 million for the year ended December 31, 2021 to RMB259.3 million for the year ended December 31, 2022, in line with the increase in income from carried interest.

Other operating expenses decreased by 4.5% from RMB371.7 million for the year ended December 31, 2021 to RMB354.9 million for the year ended December 31, 2022.

## ***Operating (Loss) Profit***

Operating loss was RMB319.3 million for the year ended December 31, 2022, as compared to RMB862.8 million of operating profit for the year ended December 31, 2021.

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

Other losses were RMB19.4 million for the year ended December 31, 2022, as compared to RMB27.8 million of other gains for the year ended December 31, 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 note 8 of the 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. 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 RMB171.5 million for the year ended December 31, 2022, as compared to RMB135.6 million of investment income arising from certain incidental and ancillary investments for the year ended December 31, 2021, resulting from the depreciation in value of strategic minority equity investments.

### ***Share of Results of Associates***

Share of loss of associates decreased from RMB7.7 million for the year ended December 31, 2021 to RMB0.4 million for the year ended December 31, 2022.

### ***Share of Results of a Joint Venture***

Share of loss of a joint venture decreased from RMB6.7 million for the year ended December 31, 2021 to RMB5.8 million for the year ended December 31, 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 loss of RMB82.0 million for the year ended December 31, 2022 was recorded under the change in fair value of call option.

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

Loss before tax was RMB598.4 million for the year ended December 31, 2022, as compared to RMB1,855.9 million of profit before tax for the year ended December 31, 2021.

### ***Income Tax Benefit (Expense)***

Income tax benefit was RMB10.7 million for the year ended December 31, 2022. Income tax expense was RMB210.5 million for the year ended December 31, 2021.

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

Loss for the year was RMB587.8 million for the year ended December 31, 2022, as compared to RMB1,645.4 million of profit for the year ended December 31, 2021. Loss for the year attributable to owners of the Company was RMB563.8 million for the year ended December 31, 2022, as compared to RMB1,624.4 million of profit attributable to owners of the Company for the year ended December 31, 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 RMB368.3 million for the year ended December 31, 2022, as compared to RMB842.9 million of adjusted net profit attributable to owners of the Company without unrealized net carried interest for the year ended December 31, 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 RMB216.6 million and a reverse of RMB257.0 million for the year ended December 31, 2022 and 2021, respectively. Adjusted net loss attributable to owners of the Company with unrealized net carried interest was RMB584.9 million for the year ended December 31, 2022, as compared to RMB585.9 million of adjusted net profit attributable to owners of the Company with unrealized net carried interest for the year ended December 31, 2021.

### ***Off-Balance Sheet Commitments and Arrangements***

As of December 31, 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 year ended December 31, 2022. The Group is aware of the need to use capital for further business expansion, continuously seeking various means of financing. As of December 31, 2022, the Group had RMB2,115.0 million of outstanding bank borrowings and held credit facilities from authorized institutions in aggregate principal amount of RMB5,073.4 million. As of December 31, 2022, the Group had RMB3,132.7 million of cash and cash equivalents, term deposits, pledged bank deposits and highly liquid cash management products. Besides, the Group also had RMB2,092.5 million of highly liquid financial assets which mainly comprise of listed corporate bonds.

### ***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 interest holders of 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 32.4% as of December 31, 2022, compared with 35.3% as of December 31, 2021.

### *Significant Investments Held*

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

	<b>As of December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Investments in our own private equity funds in our capacity as a general partner and limited partner	<b>1,363,650</b>	3,271,627
Investments in third-party private equity funds in our capacity as a limited partner	<b>1,092,716</b>	1,104,043
Strategic minority equity investments		
— Investments in the form of preferred shares of other companies	<b>278,222</b>	291,089
— Passive equity holdings in non-associate companies	<b>212,331</b>	303,400
<b>Total</b>	<b><u>2,946,919</u></b>	<b><u>4,970,159</u></b>

As of December 31, 2022, the Group had investments of our primary investment activities amounting to an aggregate of approximately RMB2,946.9 million measured in fair value, which decreased by 40.7% as compared to December 31, 2021. Each investment was individually less than 5% of the total assets of the Group as of December 31, 2022.

### *Future Plans for Material Investments and Capital Assets*

The Group did not have any plans for material investments and capital assets as at December 31, 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 year ended December 31, 2022.

## *Employee And Remuneration Policy*

As of December 31, 2022, we had 754 full-time employees, including over 85% of whom are advisory and investment professionals.

The following table sets forth the number of our employees by function as of December 31, 2022.

<b>Function</b>	<b>Number of Employees</b>	<b>Percentage</b>
Investment Banking	199	27%
Investment Management	93	12%
CR Securities	310	41%
Others	37	5%
Group Middle and Back Office	115	15%
<b>Total</b>	<b>754</b>	<b>100%</b>

The following table sets forth the number of our employees by geographic region as of December 31, 2022.

<b>Geographic Region</b>	<b>Number of Employees</b>	<b>Percentage</b>
Beijing, China	315	42%
Shanghai, China	250	33%
Other cities in China	57	8%
Hong Kong	114	15%
United States	15	2%
Singapore	3	—%
<b>Total</b>	<b>754</b>	<b>100%</b>

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our retention strategy, we offer employees performance-based cash bonuses and other incentives in addition to base salaries. As of December 31, 2022, 110 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 year ended December 31, 2022 were RMB827.1 million.

## *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. During the year ended December 31, 2022, we used foreign currency forward contracts for hedging purposes. As of December 31, 2022, we did not hedge or use any financial instruments for hedging purposes.

## *Pledge of Assets*

As of December 31, 2022, the Company pledged one US\$ bank deposit of US\$8.4 million (equivalent to approximately RMB58.4 million) to secure our long term credit facilities.

## *Contingent Liabilities*

As of December 31, 2022, we did not have any material contingent liabilities.

## **FINAL DIVIDENDS**

The Board does not recommend the distribution of a final dividend for the year ended December 31, 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, the Shareholders may by ordinary resolution declare dividends but no dividend may be declared in excess of the amount recommended by the Board. In addition, the Company does not currently have a fixed dividend payout ratio. If the Board decides to pay dividends, the form, frequency and amount of dividends will depend on, among other things, (a) current and future operations, and future business prospects, (b) the Company’s liquidity position, cash flows, general financial condition capital adequacy ratio and capital requirements, and (c) the availability of dividends received from subsidiaries and associates in light of statutory and regulatory restrictions on the payment of dividends.

During the year ended December 31, 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 year ended December 31, 2022 amounted to RMB201.1 million, and such cash dividend was paid on July 22, 2022.

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

	<b>For the year ended</b>	
	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Dividends to Shareholders	<b>201,114</b>	197,319

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

The Company was incorporated in the Cayman Islands on July 13, 2011 with limited liability, and the Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on September 27, 2018.

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

### **1. Compliance with the Corporate Governance Code**

During the Reporting Period, the Company has complied with all applicable code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) except for the following deviation.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Bao Fan is the Chairman and Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in Mr. Bao Fan has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. Furthermore, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board also notes that the executive committee (details of which will be set out in the annual report of the Company for the year ended December 31, 2022) plays a complementary role to the Chief Executive Officer in the decision-making process. The Board will continue to review and consider splitting the roles of Chairman and Chief Executive Officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

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

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

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

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the Reporting Period.

### **3. Audit Committee**

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

### **4. 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.

### **5. Changes in Directors’ Information**

During the Reporting Period and up to the date of this announcement, there is no change in information of Directors of the Company which shall be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### **6. Purchase, Sale or Redemption of the Company’s Listed Securities**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the Reporting Period other than acted as an agent for the trustee of the Company’s RSU Plan.

## 7. Material Litigation

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period.

## 8. Use of Proceeds from Global Offering

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

As at December 31, 2022, approximately HK\$2,481.2 million of the net proceeds had been utilized. The following table sets forth the status of use of proceeds from the Company's IPO as of December 31, 2022.

		Net proceeds from the IPO HK\$ million	Actual usage up to December 31, 2021 HK\$ million	Actual usage during the year ended December 31, 2022 HK\$ million	Balance of net proceeds as of December 31, 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	57.5	36.4	2023
General corporate purposes	10%	251.8	251.8	—	—	—
<b>Total</b>		<u>2,517.6</u>	<u>2,423.7</u>	<u>57.5</u>	<u>36.4</u>	

## 9. Subsequent Event after the Reporting Period

On February 16, 2023, the Company announced that it has been unable to contact Mr. Bao Fan (“**Mr. Bao**”), Chairman of the Board, Executive Director, Chief Executive Officer and the controlling shareholder of the Company, while the business operations of the Group continued normally. On February 26, 2023, the Company further announced that it became aware that Mr. Bao is cooperating in an investigation being carried out by certain authorities in the PRC. The Company reiterated that the business and operations of the Group are continuing normally under the supervision of its Executive Committee (members of which include two of the Company’s Executive Directors Mr. Xie Yi Jing and Mr. Wang Lixing and other management of the Company). The Company will continue to monitor the development in respect of the above matter and will make further announcement(s) as and when appropriate.

During the first quarter of 2023, the Company has voluntarily prepaid the vast majority of outstanding amount of the syndicated term loan facilities pursuant to the facility agreement dated May 26, 2021 (“**Facility Agreement**”) entered into between the Company as borrower 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. As of the date of this announcement, the total remaining outstanding amount under the Facility Agreement is US\$10,000,000.

Save as disclosed above, no important events affecting the Company have occurred since December 31, 2022 and up to the date of this announcement.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

FOR THE YEAR ENDED DECEMBER 31, 2022

		<b>Year ended December 31,</b>	
		<b>2022</b>	<b>2021</b>
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>			
Transaction and advisory fees		<b>578,872</b>	1,198,536
Management fees		<b>529,032</b>	442,102
Interest income		<b>75,123</b>	75,030
Income from carried interest		<b>402,353</b>	28,815
		<hr/>	<hr/>
Total revenue	3	<b>1,585,380</b>	1,744,483
Net investment gains	4	<b>1,509</b>	759,528
		<hr/>	<hr/>
Total revenue and net investment gains		<b>1,586,889</b>	2,504,011
		<hr/>	<hr/>
Compensation and benefit expenses		<b>(827,061)</b>	(1,099,288)
Carried interest to management team and other parties		<b>(259,288)</b>	(11,734)
Investment losses attributable to interest holders of consolidated structured entities		<b>33,579</b>	355
Other operating expenses	5	<b>(354,860)</b>	(371,659)
Finance costs	6	<b>(112,453)</b>	(112,481)
Impairment losses under expected credit loss model, net of reversal	7	<b>(386,093)</b>	(46,400)
		<hr/>	<hr/>
Total operating expenses		<b>(1,906,176)</b>	(1,641,207)
		<hr/>	<hr/>
Operating (loss) profit		<b>(319,287)</b>	862,804
		<hr/>	<hr/>
Other income, gains or losses	8	<b>(19,408)</b>	27,751
Investment (loss) income arising from certain incidental and ancillary investments	9	<b>(171,489)</b>	135,585
Share of results of associates		<b>(430)</b>	(7,712)
Share of results of a joint venture		<b>(5,814)</b>	(6,694)
Change in fair value of call option		<b>(82,000)</b>	844,170
		<hr/>	<hr/>
(Loss) profit before tax		<b>(598,428)</b>	1,855,904
Income tax (benefit) expense	10	<b>10,678</b>	(210,519)
		<hr/>	<hr/>
<b>(Loss) profit for the year</b>	11	<b>(587,750)</b>	1,645,385
		<hr/>	<hr/>

	Notes	Year ended December 31,	
		2022 RMB'000	2021 RMB'000
<b>Other comprehensive income (expense)</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		<b>699,308</b>	(194,273)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>(441,664)</b>	123,247
Fair value gain or loss, net of expected credit losses on:			
— debt instruments measured at fair value through other comprehensive income		<b>(2,630)</b>	2,434
Other comprehensive income (expense) for the year, net of tax		<b>255,014</b>	(68,592)
Total comprehensive (expense) income for the year		<b>(332,736)</b>	1,576,793
<b>(Loss) profit for the year attributable to:</b>			
— Owners of the Company		<b>(563,792)</b>	1,624,362
— Non-controlling interests		<b>(23,958)</b>	21,023
		<b>(587,750)</b>	1,645,385
<b>Total comprehensive (expense) income attributable to:</b>			
— Owners of the Company		<b>(309,762)</b>	1,555,417
— Non-controlling interests		<b>(22,974)</b>	21,376
		<b>(332,736)</b>	1,576,793
<b>(Loss) earnings per share</b>			
Basic	12	<b>RMB(1.12)</b>	RMB3.27
Diluted	12	<b>RMB(1.12)</b>	RMB3.09

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2022

		As at December 31,	
		2022	2021
	Notes	RMB'000	RMB'000
<b>Non-current assets</b>			
Property and equipment		129,067	178,243
Intangible assets		119,031	88,953
Deferred tax assets		229,628	168,536
Investments in associates	14	1,417,957	1,615,923
Investment in a joint venture		—	43,306
Financial assets at fair value through profit or loss	15	2,049,359	3,981,583
Financial assets at fair value through other comprehensive income	16	245,764	359,610
Rental deposits		18,868	19,107
Loans to third parties	17	203,999	—
		<u>4,413,673</u>	<u>6,455,261</u>
<b>Current assets</b>			
Accounts and other receivables	18	1,252,730	760,118
Financial assets purchased under resale agreements	19	4,715	109,005
Loans to third parties	17	—	4,579
Amounts due from related parties	20	1,071,360	64,682
Financial assets at fair value through profit or loss	15	3,315,794	2,894,129
Financial assets at fair value through other comprehensive income	16	111,908	50,600
Term deposits		500,207	208,778
Pledged bank deposits		58,350	21,054
Cash held on behalf of brokerage clients		738,166	1,211,127
Cash and cash equivalents		1,537,730	2,381,646
Other financial assets		—	3,187
		<u>8,590,960</u>	<u>7,708,905</u>
<b>TOTAL ASSETS</b>		<u>13,004,633</u>	<u>14,164,166</u>

		As at December 31,	
		2022	2021
	Notes	RMB'000	RMB'000
<b>Current liabilities</b>			
Accounts and other payables	21	1,792,757	1,036,061
Financial assets sold under repurchase agreements	22	150,065	760,022
Short-term debt instrument issued	23	236,648	160,954
Payable to brokerage clients		738,166	1,211,127
Payables to interest holders of consolidated structured entities		223,046	390,299
Amounts due to related parties		1,728	13,185
Contract liabilities		23,745	59,713
Bank borrowings	24	611,927	587,596
Lease liabilities	25	55,366	57,423
Income tax payables		120,607	180,976
		<u>3,954,055</u>	<u>4,457,356</u>
<b>Net current assets</b>		<u>4,636,905</u>	<u>3,251,549</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>9,050,578</u>	<u>9,706,810</u>
<b>Non-current liabilities</b>			
Lease liabilities	25	54,460	94,638
Bank borrowings	24	1,512,566	1,625,804
Contract liabilities		5,916	6,671
Deferred tax liabilities		72,129	72,182
		<u>1,645,071</u>	<u>1,799,295</u>
<b>NET ASSETS</b>		<u>7,405,507</u>	<u>7,907,515</u>
<b>Capital and reserves</b>			
Share capital	26	93	90
Reserves		6,367,505	6,825,942
Equity attributable to owners of the Company		<u>6,367,598</u>	6,826,032
Non-controlling interests		<u>1,037,909</u>	<u>1,081,483</u>
		<u>7,405,507</u>	<u>7,907,515</u>

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on July 13, 2011 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Its ultimate controlling party is Mr. Bao Fan, who is also the Chairman and executive director of the Company. The address of the registered office and principal place of business of the Company in the People's Republic of China (the "PRC" or "China") are The offices of Maples Corporate Services Limited, P.O. Box 309, Uglan House, Grand Cayman, KY 1-1104, Cayman Islands and Pacific Century Place, Gate 1, Space 8, No. 2A Workers' stadium North Road, Chaoyang District, Beijing 100027, China, respectively.

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

The principal activities of the Group are the provision of investment banking and investment management services.

The consolidated financial statements are presented in RMB, which is different from the Company's functional currency of United States Dollars ("US\$"). The directors of the Company adopted RMB as presentation currency, considering that (i) the Company's primary subsidiaries were incorporated in the PRC and their transactions are denominated and settled in RMB; and (ii) to reduce the impact of any fluctuations in the exchange rate of US\$ against RMB on the Group's consolidated financial statements.

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

### **Amendments to IFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to IFRSs issued by International Accounting Standards Board ("IASB") for the first time, which are mandatory effective for the annual period beginning on January 1, 2022 for the preparation of the Group's 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 IFRS Standards	Annual Improvements to IFRSs 2018–2020

The application of the Amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## New and amendments to IFRSs in issue but not yet effective

The Group has not early adopted the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts <sup>1</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>3</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for annual periods beginning on or 1 January 2024.

The directors of the Company anticipate that the application of new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future

### 3. REVENUE AND SEGMENT INFORMATION

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

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

- (a) The investment banking is a segment of the Group’s operations whereby the Group provides (1) early to late stage financial advisory, merger & acquisition advisory inside and outside mainland China, equity underwriting, sales, trading, and brokerage, and research in Hong Kong and the United States of America (the “USA”); and (2) structured financing dedicated to exploring and developing non-equity financing services for new-economy firms;
- (b) The investment management is a segment of the Group’s operations whereby the Group provides fund and asset management for individual and institutional clients, and manages its own investment in funds to obtain investment returns;
- (c) CR Securities comprises the Group’s investment banking and asset management businesses in mainland China, which overlap with the other two segments in nature but are otherwise separately operated and focuses on regulated securities market in mainland China and has an independent risk control framework; and

- (d) Others mainly comprise of wealth management business, and investment and management of its own funds. Wealth management business provides value-added wealth management services for high net worth individuals and other high net worth groups represented by new-economy entrepreneurs, and this business also helps the Group integrate and enhance investment and management of its own funds.

## Segment revenue and results

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

	Year ended December 31, 2022				Consolidation adjustments and reconciling items RMB'000	Total consolidated RMB'000
	Investment banking RMB'000	Investment management RMB'000	CR Securities RMB'000	Others RMB'000		
Transaction and advisory fees	421,444	—	157,428	—	—	578,872
Management fees	—	495,036	—	33,996	—	529,032
Interest income	—	20,394	18,751	35,978	—	75,123
Income from Carried Interest	—	(388,840)	—	—	791,193 <sup>(note)</sup>	402,353
Total revenue	421,444	126,590	176,179	69,974	791,193	1,585,380
Net investment gains (losses)	1,380	(70,252)	28,641	41,740	—	1,509
Total revenue and net investment gains	422,824	56,338	204,820	111,714	791,193	1,586,889
Compensation and benefit expenses	(323,120)	(153,063)	(247,017)	(103,861)	—	(827,061)
Carried interest to management team and other parties	—	315,275	—	—	(574,563) <sup>(note)</sup>	(259,288)
Investment losses attributable to interest holders of consolidated structured entities	—	32,929	650	—	—	33,579
Other operating expenses	(137,801)	(101,526)	(85,263)	(30,270)	—	(354,860)
Finance costs	—	(29,541)	(20,795)	(62,117)	—	(112,453)
Impairment losses under expected credit loss model, net of reversal	(38,055)	(348,030)	79	(87)	—	(386,093)
Operating (loss) profit	(76,152)	(227,618)	(147,526)	(84,621)	216,630	(319,287)
Other income, gains or losses						(19,408)
Investment loss arising from certain incidental and ancillary investments						(171,489)
Share of results of associates						(430)
Share of results of a joint venture						(5,814)
Change in fair value of call option						(82,000)
Loss before tax						(598,428)
Income tax benefit						10,678
Loss for the year						(587,750)

	Year ended December 31, 2021					
	Investment banking RMB'000	Investment management RMB'000	CR Securities RMB'000	Others RMB'000	Consolidation adjustments and reconciling items RMB'000	Total consolidated RMB'000
Transaction and advisory fees	1,079,765	—	118,771	—	—	1,198,536
Management fees	—	407,995	—	34,107	—	442,102
Interest income	4,873	—	32,322	37,835	—	75,030
Income from Carried Interest	—	(424,313)	—	—	453,128 <sup>(note)</sup>	28,815
Total revenue	1,084,638	(16,318)	151,093	71,942	453,128	1,744,483
Net investment gains	16,018	473,730	258,540	11,240	—	759,528
Total revenue and net investment gains	1,100,656	457,412	409,633	83,182	453,128	2,504,011
Compensation and benefit expenses	(592,309)	(214,359)	(218,331)	(74,289)	—	(1,099,288)
Carried interest to management team and other parties	—	184,401	—	—	(196,135) <sup>(note)</sup>	(11,734)
Investment losses attributable to interest holders of consolidated structured entities	—	1,320	(965)	—	—	355
Other operating expenses	(154,016)	(103,686)	(75,048)	(38,909)	—	(371,659)
Finance costs	—	(40,045)	(36,488)	(35,948)	—	(112,481)
Impairment losses under expected credit loss model, net of reversal	(44,999)	(1,835)	(796)	1,230	—	(46,400)
Operating profit (loss)	309,332	283,208	78,005	(64,734)	256,993	862,804
Other income, gains or losses						27,751
Investment income arising from certain incidental and ancillary investments						135,585
Share of results of associates						(7,712)
Share of results of a joint venture						(6,694)
Change in fair value of call option						844,170
Profit before tax						1,855,904
Income tax expense						(210,519)
Profit for the year						1,645,385

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 a joint venture, change in fair value of call option and income tax (benefit) expense. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

*Note:*

The segment results of investment management also include the unrealized income from Carried Interest calculated below on an as-if liquidation basis in the segment information as it is a key measure of value creation, a benchmark of the Group's performance and a major factor in the Group's decision making of resource deployment. The revenue adjustments represent the unrealized income from Carried Interest of negative RMB791,193,000 for the year ended December 31, 2022 and negative RMB453,128,000 for the year ended December 31, 2021, which are based on the underlying fair value change of the respective funds managed by the Group. The associated expense adjustments represent the proportion of unrealized Carried Interest of negative RMB574,563,000 for the year ended December 31, 2022 and negative RMB196,135,000 for the year ended December 31, 2021, that would be payable to fund management teams and other third parties. The unrealized income from Carried Interest is allocated to the general partners based on the cumulative fund performance to date, subject to the achievement of minimum return levels to limited partners on an as-if liquidation basis. At the end of each reporting period, the general partners calculate the income from Carried Interest that would be due to the general partners for each fund, pursuant to the fund agreements, as if the fair value of the underlying investments were realized as of such date, irrespective of whether such amounts have been realized.

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

However, during the year ended December 31, 2022, except for RMB402,353,000 of Carried Interest realized for certain funds, no income from Carried Interest for other funds was recognized as revenue and it will not be recognized as revenue until (a) it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur, or (b) the uncertainty associated with the variable consideration is subsequently resolved. All allocations of Carried Interest as an expense are recognized only when the amounts that will be eventually be paid out can be reliably measured, which is generally at the later stage of the applicable commitment period when the amounts are contractually payable, or "crystallized".

## Segment 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)	
	Year ended December 31,		At December 31,	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Mainland China	1,301,970	1,121,034	233,128	328,105
Hong Kong	246,731	576,492	25,765	27,047
USA	36,679	46,957	2,558	6,052
	<u>1,585,380</u>	<u>1,744,483</u>	<u>261,451</u>	<u>361,204</u>

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

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

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
A point of time	981,225	1,227,351
Over time	529,032	442,102
	<u>1,510,257</u>	<u>1,669,453</u>

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

The Group receives management fees associated with the management services for the funds that it manages, at a fixed percentage of the commitment under management. The Group also receives management fees associated with the value-added wealth management services provided to high net worth individuals and other high net worth groups, at a fixed percentage of assets under each investment management account. The transaction price allocated to the performance obligations in relation to the management fees that were unsatisfied as at December 31, 2022 and 2021 will be recognized as revenue on a straight-line basis over the subscription period as follows:

	<b>As at December 31,</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within one year	<b>13,775</b>	31,785
More than one year but not more than two years	<b>3,445</b>	2,261
More than two years but not more than three years	<b>685</b>	2,189
More than three years	<b>—</b>	750
	<b><u>17,905</u></b>	<u>36,985</u>

The transaction price allocated to the remaining performance obligations in relation to transaction and advisory fees that were unsatisfied as at December 31, 2022 and 2021 and expected timing of recognizing revenue are as follows:

	<b>As at December 31,</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within one year	<b>9,970</b>	27,928
More than one year but not more than two years	<b>1,786</b>	1,471
	<b><u>11,756</u></b>	<u>29,399</u>

## Other segment information

	Year ended December 31, 2022				
	Investment banking	Investment management	CR Securities	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts included in the measure of segment profit or loss:					
Depreciation and amortization	33,583	19,078	29,192	4,290	86,143
Losses on disposal of property and equipment	48	—	—	—	48

	Year ended December 31, 2021				
	Investment banking	Investment management	CR Securities	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts included in the measure of segment profit or loss:					
Depreciation and amortization	38,884	13,234	30,806	7,755	90,679
Losses on disposal of property and equipment	44	—	—	—	44

## Information about major customers

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

		Year ended December 31,	
		2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
Customer A	Investment banking	—	236,300
Customer B	Investment management	208,186	—

#### 4. NET INVESTMENT GAINS

	Year ended December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Net realized and unrealized gains or losses from financial assets at FVTPL		
— Wealth management related products	(17,411)	12,050
— Asset management schemes	51,218	40,946
— Structured finance related products	4,054	16,836
— Financial bonds	19,265	8,988
— Listed equity security investments	5,647	171,326
— Unlisted equity security investments	—	51,268
— Convertible notes	12,737	—
— Unlisted investment funds at fair value	(87,045)	438,010
— Foreign currency forward contracts	43,808	—
Net realized gains from financial assets at FVTOCI		
— Financial bonds	59	5,526
Net realized gains from partially transferred investment portfolio		
— Unlisted debt security investments ( <i>note</i> )	106,340	13,411
Gross (loss) gain from consolidated structured entities		
— Asset management schemes	(2,310)	8,149
Gross (loss) gain from investments in associates measured at fair value		
— Investment in funds	(154,193)	6,270
Net realized losses from financial liabilities at FVTPL		
— Securities borrowing	—	(36,857)
Dividend income from		
— Wealth management related products	10,790	16,869
— Listed equity security investments	3,660	4,048
— Asset management schemes	4,890	2,688
	<u>1,509</u>	<u>759,528</u>

*Note:*

As the ordinary course of the investment management business, the Group holds several investment portfolio for the newly established fund managed by the Group prior to the fund's closing.

During the year ended December 31, 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.

During the year ended December 31, 2021, as agreed in advance, after the first closing of the fund, the Group transferred to the fund partial interests in two subsidiaries which only hold FVTPL investments amounting to RMB267,404,000, and hold the remaining interest in these FVTPL investment through two structured entities accounted for as investments in associates. Total consideration of the disposal was RMB280,815,000 and resulted in a gain of RMB13,411,000.

## 5. OTHER OPERATING EXPENSES

	<b>Year ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Professional service fees	<b>77,155</b>	98,274
Project related and business development expenses	<b>62,411</b>	76,706
Short-term lease expense	<b>982</b>	632
Office expenses	<b>46,119</b>	30,946
Technology expenses	<b>41,830</b>	37,458
Depreciation and amortization	<b>86,143</b>	90,679
Auditor's remuneration	<b>8,431</b>	7,050
Others	<b>31,789</b>	29,914
	<b><u>354,860</u></b>	<b><u>371,659</u></b>

## 6. FINANCE COSTS

	<b>Year ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Interest on bank borrowings	<b>87,685</b>	72,766
Interest on lease liabilities	<b>4,028</b>	4,459
Interest on financial assets sold under repurchase agreements	<b>13,532</b>	33,165
Interest on structured notes	<b>7,208</b>	2,091
	<b><u>112,453</u></b>	<b><u>112,481</u></b>

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

	Year ended December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Impairment losses recognized on:		
Accounts and other receivables	38,276	7,322
Loans to third parties	(1,826)	37,594
Amounts due from related parties ( <i>note</i> )	349,702	1,461
Financial assets at FVTOCI	(59)	35
Other financial assets	—	(12)
	<b>386,093</b>	<b>46,400</b>
	<b>386,093</b>	<b>46,400</b>

*Note:* Details of impairment assessment are set out in note 20.

## 8. OTHER INCOME, GAINS OR LOSSES

	Year ended December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants ( <i>a</i> )	37,553	42,002
Net exchange (loss) gain	(53,282)	4,255
Gain on partially disposal of an associate	24,837	—
Gain on disposal of associates	—	2,239
Impairment loss on investment in a joint venture	(37,492)	(3,124)
Others ( <i>b</i> )	8,976	(17,621)
	<b>(19,408)</b>	<b>27,751</b>
	<b>(19,408)</b>	<b>27,751</b>

*Notes:*

- (a) The government grants were mainly incentives provided by local government authorities, which primarily included tax incentive awards, 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 and government grants related to Employment Support Scheme provided by Hong Kong government.
- (b) Others mainly included:
- An aggregated amount of RMB5,243,000 charitable donations was made by the Group during the year ended December 31, 2022 (2021: RMB669,000).
  - An aggregated amount of RMB19,595,000 investment losses attributable to other interest holders of consolidated structured entities holding incidental and ancillary investments of the Group for the year ended December 31, 2022 (2021: RMB17,928,000 investment gains).

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

	Year ended December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Passive Investment (Loss) Income from		
— Unlisted debt security investments	(144,878)	109,253
— Unlisted equity security investments	3,590	26,332
— Convertible notes	(30,201)	—
	<u>(171,489)</u>	<u>135,585</u>

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

## 10. INCOME TAX (BENEFIT) EXPENSE

	Year ended December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:		
Mainland China	48,580	125,378
Hong Kong	1,011	19,404
	<u>49,591</u>	<u>144,782</u>
Deferred tax:		
Current year	(60,269)	65,737
Total income tax (benefit) expense	<u>(10,678)</u>	<u>210,519</u>

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

	<b>Year ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
(Loss) profit before tax	<u>(598,428)</u>	<u>1,855,904</u>
Income tax expense calculated at 25%	(149,607)	463,976
Effect of expenses that are not deductible	176,357	71,109
Effect of share of results of associates	108	1,928
Effect of share of results of a joint venture	1,454	1,674
Effect of income that are not taxable	(75,185)	(363,833)
Effect of tax losses not recognized	45,489	114,333
Utilization of tax losses previously not recognized	(6,789)	(3,088)
Effect of different tax rates of subsidiaries	<u>(2,505)</u>	<u>(75,580)</u>
Income tax (benefit) expense	<u><u>(10,678)</u></u>	<u><u>210,519</u></u>

## 11. (LOSS) PROFIT FOR THE YEAR

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

	<b>Year ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Directors' remuneration:		
— Fees	862	920
— Salaries and other benefits	9,477	8,546
— Performance related bonus	—	20,990
— Retirement benefit scheme contributions	292	269
— Equity-settled share-based payments expenses	23,464	19,213
Other staff costs:		
— Salaries, bonus and other allowances	679,306	984,291
— Retirement benefit scheme contributions	23,646	21,569
— Equity-settled share-based payments expenses	<u>90,014</u>	<u>43,490</u>
Total staff costs	<u><u>827,061</u></u>	<u><u>1,099,288</u></u>
Depreciation of property and equipment	68,659	77,908
Amortization of intangible assets	17,484	12,771
Losses on disposal of property and equipment	<u>48</u>	<u>44</u>

## 12. (LOSS) EARNINGS PER SHARE

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

	<b>Year ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>(Loss) earnings for the purpose of calculating basic and diluted (loss) earnings per share:</b>		
(Loss) profit for the year attributable to owners of the Company (RMB'000)	<u>(563,792)</u>	<u>1,624,362</u>
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	<b>504,642,246</b>	496,009,240
Effect of dilutive potential ordinary shares:		
Share options of the Group	—	25,308,444
Restricted share units of the Group	<u>—</u>	<u>5,097,233</u>
Weighted average number of ordinary shares for the purpose of calculating diluted (loss) earnings per share	<u><b>504,642,246</b></u>	<u>526,414,917</u>
<b>Basic (loss) earnings per share (RMB)</b>	<u><b>(1.12)</b></u>	<u>3.27</u>
<b>Diluted (loss) earnings per share (RMB)</b>	<u><b>(1.12)</b></u>	<u>3.09</u>

The computation of diluted loss per share for the year ended December 31, 2022 has not considered the effect of share options and restricted share units given that the effects are anti-dilutive.

For the year ended December 31, 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.

### 13. DIVIDENDS

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Dividends to the shareholders of the Company	<u>201,114</u>	<u>197,319</u>

For the year ended December 31, 2022, a final dividend of RMB38 cents per share in respect of the year ended December 31, 2021 (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 year ended December 31, 2022 amounted to RMB201,114,000 (2021: RMB197,319,000), and such cash dividend was paid on July 22, 2022 (2021: paid on July 22, 2021).

### 14. INVESTMENTS IN ASSOCIATES

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Investments in unlisted companies (a)	13,353	50,702
Investments in funds (b)	<u>1,404,604</u>	<u>1,565,221</u>
	<u>1,417,957</u>	<u>1,615,923</u>

Notes:

#### (a) Investments in unlisted companies

	As at December 31	
	2022	2021
	RMB'000	RMB'000
Cost of unlisted investments in associates	64,254	101,945
Share of post-acquisition profit or loss and other comprehensive income	(12,235)	(11,805)
Impairment loss	(39,026)	(39,026)
Exchange adjustments	<u>360</u>	<u>(412)</u>
	<u>13,353</u>	<u>50,702</u>

(b) **Investments in funds**

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

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Cost of investments in funds	936,720	839,289
Fair value change in funds	414,148	760,222
Exchange adjustments	53,736	(34,290)
	<u>1,404,604</u>	<u>1,565,221</u>

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

Financial assets mandatorily measured at FVTPL:

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
<b>Current</b>		
Unlisted cash management products ( <i>Note i</i> )	456,515	170,728
Money market funds ( <i>Note ii</i> )	579,909	591,839
Listed financial bonds ( <i>Note iii</i> )	1,854,255	1,820,498
Trust products ( <i>Note iv</i> )	21,652	101,029
Listed equity security investments ( <i>Note v</i> )	216,611	181,344
Convertible notes ( <i>Note vi</i> )	186,852	28,691
	<u>3,315,794</u>	<u>2,894,129</u>
<b>Non-current</b>		
Trust products ( <i>Note iv</i> )	—	14,746
Listed equity security investments ( <i>Note v</i> )	—	80,200
Unlisted investment funds at fair value ( <i>Note vii</i> )	1,092,716	1,104,043
Unlisted debt security investments ( <i>Note viii</i> )	429,195	1,085,026
Unlisted equity security investments ( <i>Note ix</i> )	91,368	1,179,488
Call option for obtaining non-controlling interests ( <i>Note x</i> )	436,080	518,080
	<u>2,049,359</u>	<u>3,981,583</u>

*Note i:* The Group purchased cash management products with expected rates of return per annum ranging from 1.69% to 4.26% as at December 31, 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 judgment.

- 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 5.08% as at December 31, 2022 (December 31, 2021: 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 December 31, 2022 (December 31, 2021: 7.50% to 12.00%). As trust products held by the Group was managed within a business model whose objective is to sell the investment and the contractual terms do not give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding, they were subsequently measured at FVTPL.
- Note v:* These investments represent equity investments in listed companies, and subsequent fair value change of the investments are recorded in the net investment gains in the consolidated statement of profit or loss and other comprehensive income.
- Note vi:* The Group invested in convertible notes with fixed interest rates of 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. On February 13, 2023, the final repayment date has been extended to April 12, 2024.
- 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 gains in the 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 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 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 shareholders 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 of call option as at December 31, 2022 amounted to RMB436,080,000 (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 value 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 exercise time of the call option.

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

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Listed financial bonds	357,672	410,210
Less: non-current portion	<u>(245,764)</u>	<u>(359,610)</u>
	<u>111,908</u>	<u>50,600</u>

The total cost of the financial bonds as of December 31, 2022 was RMB348,971,000 (December 31, 2021: RMB397,821,000) and the fair value as of December 31, 2022 was RMB357,672,000 (December 31, 2021: RMB410,210,000), and with changes in fair value recorded in other comprehensive expense in the consolidated statement of profit or loss and other comprehensive income. The expected credit losses of financial bonds amounting to RMB36,000 as of December 31, 2022 (December 31, 2021: RMB95,000) was recognized in other reserves.

## 17. LOANS TO THIRD PARTIES

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Soundcath, LLC (“ <b>Soundcath</b> ”) ( <i>note a</i> )	—	6,541
Wallaby Medical Holding, Inc. (“ <b>Wallaby</b> ”) ( <i>note b</i> )	192,717	—
Song Huanping (“ <b>Song</b> ”) ( <i>note c</i> )	11,418	—
Less: Impairment loss allowance	<u>(136)</u>	<u>(1,962)</u>
	<u>203,999</u>	<u>4,579</u>
Less: non-current portion	<u>(203,999)</u>	<u>—</u>
	<u>—</u>	<u>4,579</u>

### Notes:

- In July 2021, the Group entered into agreements with Soundcath, a third party. A loan amounting to US\$1,000,000 (equivalent to approximately RMB6,541,000) as at December 31, 2021, 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. This loan was fully repaid in December 2022.
- In March 2022, the Group entered into agreement with Wallaby, a third party. A loan amounting to US\$24,935,000 (equivalent to approximately RMB173,662,000) as at December 31, 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%, 8.5% and 9.5% per annum, respectively, plus 7% compound interest per annum.

- c. In January 2022, the Group entered into agreement with Song, a third party. A loan amounting to RMB10,000,000 as at December 31, 2022, at an interest rate of 15% was made to Song. 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.

## 18. ACCOUNTS AND OTHER RECEIVABLES

	As at December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Accounts receivables		
— Accounts receivable ( <i>Note i</i> )	93,032	86,333
— Open trade receivable ( <i>Note ii</i> )	977,380	263,892
Advance to suppliers	17,160	14,386
Prepayment for wealth management related products	8,567	45,000
Other receivables		
— Refundable deposits ( <i>Note iii</i> )	110,309	284,169
— Staff loans	45,482	28,393
— Value-added tax recoverable	2,347	3,545
Others	37,141	44,420
	<u>1,291,418</u>	<u>770,138</u>
Subtotal	1,291,418	770,138
Less: Impairment loss allowance	(38,688)	(10,020)
	<u>1,252,730</u>	<u>760,118</u>
<b>Total</b>	<b><u>1,252,730</u></b>	<b><u>760,118</u></b>

*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 December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
0–30 days	39,473	67,550
31–60 days	2,680	3,034
61–90 days	4,365	3,228
91–180 days	5,279	815
181–360 days	1,815	396
Over 1 year	1,067	1,720
	<u>54,679</u>	<u>76,743</u>
	<u>54,679</u>	<u>76,743</u>

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

*Note iii:* Refundable deposits mainly represent deposits in Stock Exchange.

## 19. FINANCIAL ASSETS PURCHASED UNDER RESALE AGREEMENTS

	As at December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Analysed by collateral type:		
— Debt securities	4,713	109,000
Add: Interest receivable	2	5
	<hr/>	<hr/>
Total	<u>4,715</u>	<u>109,005</u>
Analysed by market:		
— Stock exchanges	4,715	109,005
	<hr/>	<hr/>
<b>Total</b>	<u><u>4,715</u></u>	<u><u>109,005</u></u>

As at December 31, 2022, the fair value of the collateral was RMB4,715,000 (December 31, 2021: RMB109,005,000).

## 20. AMOUNTS DUE FROM RELATED PARTIES

Related parties of the Group include major shareholders of the Group 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.

### Amounts due from related parties — trade nature

	As at December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Wuxi Jiangyin Huaxing Lingjie Equity Investment Partnership (Limited Partnership) (“WXJY”)	1,076,392	—
Huajie (Tianjin) Medical Investment Partnership (Limited Partnership)	217,243	—
Shenzhen Huasheng Lingxiang Equity Investment Partnership (Limited Partnership)	44,331	—
Huaxing Capital Partners II, L.P.	36,260	35,827
Huaxing Growth Capital IV, L.P.	20,425	—
CR Life Star Fund LLC	6,235	92
Huaxing Capital Partners, L.P.	3,861	4,342
Huaxing Yihui LLC	3,742	1,844
Tianjin Huajie Haihe Health Investment Partnership (Limited Partnership)	2,954	2,896
Huaxing IV Colt, Ltd.	1,290	—

	As at December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
HX Pioneer Selection Limited	1,231	—
HX Advanced Selection Limited	625	253
Huaxing Yichong LLC	599	274
CR HB XI Venture Feeder, LP	585	277
HX Quality Selection Limited	488	198
HX Premium Selection Limited	469	175
Shanghai Huasheng Lingjin Equity Investment Partnership (Limited Partnership)	245	—
Shanghai Huasheng Lingshi Venture Investment Partnership (Limited Partnership)	12	30
Glory Galaxy LLC	—	261
Tianjing Huaxiao Investment Partnership (Limited Partnership)	—	250
Less: Impairment loss allowance	<u>(351,223)</u>	<u>(898)</u>
	<u><b>1,065,764</b></u>	<u><b>45,821</b></u>

These are funds managed by the Group in which the Group has significant influence. The trade balance represents (1) the fee and carried interest receivable of gross carrying amount of RMB359,144,000 in relation to the fund management service provided by the Group, which is non-interest bearing; and (2) the receivable of gross carrying amount of RMB1,057,843,000 in relation to investment portfolio transferred by the Group to WXJY (note 4), and overdue portion will be charged an interest rate of 8% per annum from January 1, 2023.

For amounts due from related parties of trade nature, the Group has applied the simplified approach to measure the loss allowance at lifetime expected credit loss (“ECL”). The Group determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Impairment allowance of RMB2,135,000 were made based on the Group's provision matrix within lifetime ECL (not credit-impaired) as of December 31, 2022. For debtors with credit-impaired, the Group assesses individually. As of December 31, 2022, gross carrying amounts of RMB1,057,843,000 were credit-impaired. Impairment allowance of RMB349,088,000 were made on credit-impaired debtors.

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 trading dates, are as follows:

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
0–30 days	274,438	1,718
31–60 days	3,991	1,915
61–90 days	4,380	1,717
91–180 days	16,387	5,453
181–360 days	742,412	35,018
>1 year	24,156	—
	<u>1,065,764</u>	<u>45,821</u>

Amounts due from related parties–non-trade nature

	Notes	As at December 31,	
		2022	2021
		RMB'000	RMB'000
Beijing Ruizhi Medical Equity Investment Partnership (Limited Partnership)	i	695	638
Xiamen Huazhan Qige Venture Capital Partnership (Limited Partnership)	i	549	—
Huaxing Growth Capital Medley Platform	i	418	9,707
Xiamen Huaxing Fengji Venture Capital Partnership (Limited Partnership)	i	358	—
Huaxing Yihui LLC	i	277	—
Huaxing Growth Capital Visions Feeder L.P.	i	273	216
Beijing Huajie Ruizhong Investment Management Center (Limited Partnership)	i	—	3,643
Dazi Chonghua Enterprise Management Co., Ltd.	ii	2,796	2,796
Huaxing Growth Capital IV WM Feeder L.P.	i	—	163
Huaxing Growth Capital IV, L.P.	i	—	1,082
Tianjin Huaxing Fengyao Consulting Partnership (Limited Partnership)	i	—	422
Huaxing Growth Capital III, L.P.	i	—	725
Huaxing Growth Capital Associates Feeder, L.P.	i	61	192
Other funds managed by the Group	i	450	181
Less: Impairment loss allowance		(281)	(904)
		<u>5,596</u>	<u>18,861</u>

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. The balance represents amount due from the entity in relation to certain investments disposed of by the Group.

## 21. ACCOUNTS AND OTHER PAYABLES

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Salaries, bonus and other benefit payables	459,404	712,435
Open trade payable (a)	979,576	208,695
Other payables	50,841	55,667
Consultancy fee payables	20,626	12,982
Carried interests to management team and other parties (b)	238,122	2,710
Other tax payables	11,826	17,177
Accrued expenses	21,948	22,444
Dividend payable	10,414	3,951
	<u>1,792,757</u>	<u>1,036,061</u>

Notes:

- (a) No aging analysis is disclosed in the opinion of the directors of the Company, the aging analysis does not give additional value to the readers of these consolidated financial statements in view of the nature of these business.
- (b) During the year ended December 31, 2022, the Group received shares of listed equity securities as carried interests income, and the portion of carried interests to management team and other parties will be settled in cash after corresponding listed equity securities are disposed of by the Group. Accordingly, this carried interests payable to management team and other parties is measured at fair value according to the share price of listed equity securities. As of December 31, 2022, carried interests to management team and other parties measured at fair value is RMB30,349,000.

## 22. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Analysed by collateral type:		
— Debt securities	150,000	760,000
Add: Interest payable	65	22
	<u>150,065</u>	<u>760,022</u>
<b>Total</b>	<b><u>150,065</u></b>	<b><u>760,022</u></b>
Analysed by market:		
— Stock exchanges	150,065	760,022
	<u>150,065</u>	<u>760,022</u>
<b>Total</b>	<b><u>150,065</u></b>	<b><u>760,022</u></b>

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 derecognized 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 3.50% to 3.95% (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 derecognized in their entirety and the associated liabilities:

	As at December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of transferred assets		
— financial assets at FVTPL	480,785	915,331
— financial assets at FVTOCI	357,672	410,210
Carrying amount of associated liabilities	<u>(150,065)</u>	<u>(760,022)</u>
Net position	<b><u>688,392</u></b>	<b><u>565,519</u></b>

## 23. SHORT-TERM DEBT INSTRUMENT ISSUED

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Structured notes	<u>236,648</u>	<u>160,954</u>

As at December 31, 2022, the interest rates of structured notes range from 3.30% to 6.08% per annum (December 31 2021: 3.70% to 4.10%).

## 24. BANK BORROWINGS

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Secured bank borrowing at fixed rate	—	20,023
Unsecured bank borrowing at fixed rate	339,462	270,717
Unsecured bank borrowing at variable rate	<u>1,785,031</u>	<u>1,922,660</u>
<b>Total</b>	<u><b>2,124,493</b></u>	<u><b>2,213,400</b></u>

The carrying amounts of the above borrowings are repayable:

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Within one year	611,927	587,596
Within a period of more than one year but not exceeding two years	1,512,566	286,907
Within a period of more than two years but not exceeding five years	<u>—</u>	<u>1,338,897</u>
	<b>2,124,493</b>	2,213,400
Less: Amounts due within one year shown under current liabilities	<u>(611,927)</u>	<u>(587,596)</u>
Amounts shown under non-current liabilities	<u><b>1,512,566</b></u>	<u><b>1,625,804</b></u>

The Group's variable-rate borrowings carry interest at London Interbank Offered Rate ("LIBOR"). Interest is reset every month. The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	Year ended December 31,	
	2022	2021
Effective interest rate:		
Fixed-rate borrowings	3.75% to 4.90%	4.30% to 5.00%
Variable-rate borrowings	LIBOR+2.00%	LIBOR+2.00%

## 25. LEASE LIABILITIES

	Year ended December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Lease liabilities payable:</b>		
Within one year	55,366	57,423
Within a period of more than one year but not more than two years	38,269	48,917
Within a period of more than two years but not more than five years	<u>16,191</u>	<u>45,721</u>
	<b>109,826</b>	152,061
Less: Amount due for settlement with 12 months shown under current liabilities	<u>(55,366)</u>	<u>(57,423)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u><b>54,460</b></u>	<u>94,638</u>

The weighted average incremental borrowing rates applied to lease liabilities is 2.99% (2021: 3.03%).

## 26. SHARE CAPITAL

	Number of shares	Nominal value per share US\$	Share capital US\$	Amount shown in the financial statement RMB
<b>Authorized</b>				
At January 1, 2021, January 1, 2022 and December 31, 2022	2,000,000,000	0.000025	50,000	
<b>Issued</b>				
At January 1, 2021	532,953,664		13,324	87,348
Shares issued to the Trusts	6,000,000	0.000025	150	968
Shares repurchased and cancelled ( <i>note</i> )	(1,951,700)	0.000025	(49)	(315)
Exercise of share options	13,362,812	0.000025	334	2,155
At December 31, 2021	<b>550,364,776</b>		<b>13,759</b>	<b>90,156</b>
Shares issued to the Trusts	<b>12,000,000</b>	<b>0.000025</b>	<b>300</b>	<b>2,022</b>
Exercise of share options	<b>6,033,000</b>	<b>0.000025</b>	<b>151</b>	<b>1,016</b>
At December 31, 2022	<b>568,397,776</b>		<b>14,210</b>	<b>93,194</b>
			<b>As at December 31</b>	
			<b>2022</b>	2021
			<b>RMB'000</b>	<b>RMB'000</b>
Presented as			<b>93</b>	90

*Note:*

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

**2021**

Month of repurchases	No. of ordinary shares	Price paid per share		Aggregate consideration paid (including expenses) RMB'000
		Highest RMB	Lowest RMB	
		<i>Equivalent</i>	<i>Equivalent</i>	
January 2021	100	13.07	13.07	1
July 2021	1,950,600	18.07	17.01	34,725
	<b>1,950,700</b>			<b>34,726</b>

During the year ended December 31, 2021, 1,950,700 ordinary shares of the Company were repurchased at an aggregate cost of HK\$41,761,000 (equivalent to approximately RMB34,726,000) and cancelled.

## **PUBLICATION OF UNAUDITED ANNUAL RESULTS**

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.huaxing.com](http://www.huaxing.com).

## **TRADING SUSPENSION**

At the request of the Company, trading in the shares of the Company on the Stock Exchange will be suspended with effect from 9:00 a.m. on Monday, 3 April 2023, pending the publication of the 2022 Annual Results.

By order of the Board  
**China Renaissance Holdings Limited**  
**Xie Yi Jing**  
*Executive Director*

Hong Kong, March 31, 2023

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