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CHINA RENAISSANCE HOLDINGS LIMITED

華興資本控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1911)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 DELAY IN DESPATCH OF 2023 INTERIM REPORT AND CONTINUED SUSPENSION OF TRADING

The board (the “**Board**”) of directors (the “**Directors**”) of China Renaissance Holdings Limited (the “**Company**” or “**China Renaissance**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) is pleased to announce the unaudited consolidated results of the Group for the six months ended June 30, 2023 (the “**Reporting Period**”).

Although these interim results have been reviewed by the Company’s audit committee (“**Audit Committee**”) as stated under “**Audit Committee and Review of Financial Statements**” below, the independent non-executive Directors comprising the Audit Committee and the Non-executive Director have abstained from approving the unaudited consolidated results for the Reporting Period solely in light of the fact that the auditors of the Company (the “**Auditors**”) have not been able to form their audit opinion and complete their audit of the Company’s consolidated financial statements for the year ended December 31, 2022 which could affect, amongst other things, the opening balances for the Reporting Period.

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

FINANCIAL HIGHLIGHTS

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

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

	For the six months ended	
	June 30,	
	2023	2022
	RMB'000	RMB'000
Total revenue	563,301	603,705
Total revenue and net investment gains or losses	611,132	512,287
Total operating expenses	(547,707)	(585,623)
Operating profit (loss)	63,425	(73,336)
Loss before tax	(81,215)	(113,959)
Income tax expenses	(52,043)	(84,079)
Loss for the period	(133,258)	(198,038)
Loss for the period attributable to owners of the Company	(150,217)	(153,735)

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

	For the six months ended	
	June 30,	
	2023	2022
	RMB'000	RMB'000
Loss for the period attributable to owners of the Company	(150,217)	(153,735)
Add:		
Share-based payment expenses	41,280	70,923
Change in fair value of call option	152,990	(1,490)
Subtotal before adjustments relating to carried interest	44,053	(84,302)
Add:		
Reversal of unrealized net carried interest ⁽¹⁾	(175,367)	(86,732)
Non-IFRS Measure: Adjusted net loss attributable to owners of the Company (unaudited)⁽²⁾	(131,314)	(171,034)

Notes:

- (1) The unrealized net carried interest is calculated by subtracting our carried interest to management team and other parties from our unrealized income from carried interest as follows.

	For the six months ended	
	June 30,	
	2023	2022
	RMB'000	RMB'000
Reversal of unrealized income from carried interest	(567,710)	(309,103)
Reversal of carried interest to management team and other parties	392,343	222,371
Reversal of unrealized net carried interest	(175,367)	(86,732)

The unrealized income from carried interest is based on the underlying fair value change of the respective funds under our investment management business. The unrealized income from carried interest is allocated to us based on the cumulative fund performance to date, subject to the achievement of minimum return levels to limited partners. At the end of each reporting period, we calculate the unrealized income from carried interest that would be due to us for each fund, pursuant to the relevant fund agreements, as if the fair value of the underlying investments were realized as of such date, irrespective of whether such amounts have been realized. As of June 30, 2023, accumulated unrealized income from carried interest and unrealized net carried interest were RMB3.2 billion and RMB0.9 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 attributable to owners of the Company as loss for the period attributable to owners of the Company adjusted for the impact of (i) share-based payment expenses, (ii) change in fair value of call option, (iii) reversal of unrealized income from carried interest, and (iv) reversal of carried interest to management team and other parties.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the first half of 2023, the financial market environment remained grim: The Hong Kong IPO market has been sluggish since last year, and it continued to underperform in the first half of this year. US-listed Chinese stocks have seen a significant decline in fundraising. Domestic investment sentiment in private financing market was weak, with only US\$15.8 billion invested in the second quarter, reaching a trough both in terms of volume and project numbers. In the face of the complicated external environment, China Renaissance maintained its strategic focus. Despite Mr. Bao Fan's cooperation with relevant authority's investigation which has put pressure on the Group's business development since February 2023, the overall business and development of the Group remained stable. As at the end of the Reporting Period, the number of employees of the Group was 639, representing a decrease of approximately 15% as compared to the end of 2022. The total revenue and net investment income for the first half of the year of the Group amounted to RMB611 million, representing a year-on-year increase of 19%.

Investment management business accounted for 54% of the Group's total revenue in the first half of the year. In spite of market challenges, fund management fees of the Group remained relatively stable. With the continued exit of assets under management (AUM), the scale of fee-earning AUM as at the end of the period was RMB25.7 billion, with the total AUM amounting to RM40.1 billion. The carried interest in the first half of 2023 continued to realize and provided support for the Group's financial results. During the Reporting Period, China Renaissance realized carried interest of nearly RMB100 million (with net carried interest exceeding RMB25 million), which was significantly higher than the same period last year. As at the end of the Reporting Period, gross unrealized carried interest amounted to RMB3.2 billion (with net unrealized carried interest of RMB900 million), more than half of which was from funds raised between 2013 and 2015. It is also expected to be a significant source of income for asset management and the business performance of the Group in the future. In the first half of 2023, fund investment projects such as Fenbi and SmarterMicro were successfully listed. During the Reporting Period, the Group actively exited from fund projects, with the amount totaling RMB2 billion.

Since 2023, the investment banking business of the Group has faced considerable pressure mainly affected by the lackluster performance of the HK/US IPO and domestic private financing markets. China Renaissance's transaction volume decreased year-on-year, leading to a decline in revenue. Despite notable market pressure, China Renaissance continued to maintain a competitive market position in the private financing sector. The strategic positioning in key areas of the new economy in previous years began to bear fruit in 2023, especially in new energy, hard technology and advanced manufacturing where further breakthroughs have been achieved with the completion of financing projects for companies such as Daqin Digital Energy Technology (大秦) and Talent New Energy (太藍). For the first half of 2023, revenue from new energy, new materials and advanced industrial sectors accounted for 49% of the revenue of the private financing business, compared to 3% for the same period last year. Meanwhile, it has gained fruitful results in the field of artificial general intelligence, and a number of market-leading enterprises have completed or are in the progress of financing projects in hot areas such as foundation model, AGI applications, multi mode, and embodied AI. While there was a significant year-on-year decline in primary market-related income, the equity sales and trading business in secondary market showed greater resilience, providing some support for investment banking revenue during the Reporting Period.

CR Securities' performance in the first half of 2023 was significantly better than the same period in 2022. Total revenue and net investment income grew by 217% compared to the same period last year, with key business segments showing upward momentum. The investment banking business sustained its growth with exceptional operations. In the first half of the year, it completed a convertible bond issuance project for Sanfame (三房巷) and served as a financial advisor for projects of AaltoSemi (芯愛), UISEE (馭勢), Kun Lun Xin (昆侖芯) and other hard technology enterprises. In addition, it assisted clients in completing financing for projects such as Guodong Network Communication Group (國動通信), with several other sponsorship, merger and acquisition and financial advisory projects progressing steadily. The Group also carried out strategic transformation for its retail business and optimized its client structure, achieving precise client acquisition. The number of registered users of Duoduojin APP (多多金) was over 160,000, with client assets amounting to nearly RMB900 million, which almost tripled when compared to the end of the previous year. Continuous efforts were made to explore and refine the monetization model of the retail business, resulting in an upward trend in monthly revenue and reflecting a growing significance of new revenue streams. In the first half of 2023, CR Securities adopted prudent investment strategy and recorded investment gains as compared to the investment losses in the same period of last year.

BUSINESS OUTLOOK

Although the road ahead is long and fraught with challenges, by persevering ahead we will reach our goals. In the past six months, China Renaissance has experienced the most challenging period since its establishment. With the leadership of the Board of Directors and the Executive Committee, all business segments are currently developing steadily while breakthroughs are being sought in new areas. With shared strategic vision and a united team, we are full of confidence in China Renaissance's sustainability and stability.

There are many opportunities where uncertainties lie. As China's economy transitions from pandemic prevention to a regular mode, many outstanding companies with competitive strengths are emerging domestically. China Renaissance will continue to identify and support these excellent companies and entrepreneurs, helping them grow into new industry leaders. We will continue to develop our investment management business, fulfill our responsibilities and play an active role. At the same time, our investment management business will continue its project exits, realizing carried interest and achieving returns for fund investors.

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 clients, continues to pivot towards new growth sectors, such as core technology, new energy and advanced manufacturing, and seize these new opportunities.

Segment Performance

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

	For the six months ended			
	June 30,		Change	% of change
	2023	2022		
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>		
Business Segment				
Investment Banking	112,770	232,611	(119,841)	-51.5%
Investment Management	333,194	188,086	145,108	77.1%
CR Securities	119,685	37,749	81,936	217.1%
Others	45,483	53,841	(8,358)	-15.5%
	<u>611,132</u>	<u>512,287</u>	<u>98,845</u>	<u>19.3%</u>
Total revenue and net investment gains or losses	<u>611,132</u>	<u>512,287</u>	<u>98,845</u>	<u>19.3%</u>

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

	For the six months ended			
	June 30,		Change	% of change
	2023	2022		
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>		
Business Segment				
Investment Banking	(27,624)	(1,683)	(25,941)	1,541.4%
Investment Management	157,225	75,398	81,827	108.5%
CR Securities	(41,865)	(107,889)	66,024	-61.2%
Others	(24,311)	(39,162)	14,851	-37.9%
	<u>63,425</u>	<u>(73,336)</u>	<u>136,761</u>	<u>n.m.</u>
Operating profit (loss)	<u>63,425</u>	<u>(73,336)</u>	<u>136,761</u>	<u>n.m.</u>

Investment Banking

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

	For the six months ended		Change	% of change
	2023	2022		
	RMB'000	RMB'000	RMB'000	
Investment Banking				
Advisory services	30,061	148,389	(118,328)	-79.7%
Equity underwriting	27,978	15,563	12,415	79.8%
Sales, trading, and brokerage	54,466	67,298	(12,832)	-19.1%
	<u>112,505</u>	<u>231,250</u>	<u>(118,745)</u>	<u>-51.3%</u>
Segment revenue				
Net investment gains	265	1,361	(1,096)	-80.5%
Segment revenue and net investment gains	<u>112,770</u>	<u>232,611</u>	<u>(119,841)</u>	<u>-51.5%</u>
Compensation and benefit expenses	(108,991)	(176,406)	67,415	-38.2%
Impairment loss under expected credit loss model, net of reversal	29,386	—	29,386	n.m.
Other operating expenses	(60,789)	(57,888)	(2,901)	5.0%
	<u>(140,394)</u>	<u>(234,294)</u>	<u>93,900</u>	<u>-40.1%</u>
Segment operating expenses				
Segment operating loss	<u>(27,624)</u>	<u>(1,683)</u>	<u>(25,941)</u>	<u>1,541.4%</u>

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

	For the six months ended June 30,		Change	% of change
	2023	2022		
	RMB in million	RMB in million	RMB in million	
Transaction Value				
Advisory services	3,270	14,408	(11,138)	-77.3%
Equity underwriting	8,179	2,839	5,340	188.1%
	<u>11,449</u>	<u>17,247</u>	<u>(5,798)</u>	<u>-33.6%</u>
Total				

Segment Revenue and Net Investment Gains

Investment banking revenue and net investment gains were RMB112.8 million for the six months ended June 30, 2023, a decrease of 51.5% from RMB232.6 million for the six months ended June 30, 2022. This decrease was mainly attributable to the significantly reduced financing activities in private placement market, resulting in lower advisory services revenue to the Group.

Segment Operating Expenses

For the investment banking segment, segment operating expenses decreased by 40.1% from RMB234.3 million for the six months ended June 30, 2022 to RMB140.4 million for the six months ended June 30, 2023, which was primarily attributed to the decrease in compensation and benefit expenses from RMB176.4 million for the six months ended June 30, 2022 to RMB109.0 million for the six months ended June 30, 2023.

Segment Operating Loss

For the investment banking segment, segment operating loss was RMB27.6 million and RMB1.7 million for the six months ended June 30, 2023 and 2022, respectively.

Investment Management

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

	For the six months ended		Change	% of change
	2023	2022		
	RMB'000	RMB'000	RMB'000	
Investment Management				
Management fees	227,544	251,002	(23,458)	-9.3%
Realized income from carried interest	94,218	32,752	61,466	187.7%
Interest income	41,416	6,332	35,084	554.1%
	<u>363,178</u>	<u>290,086</u>	<u>73,092</u>	<u>25.2%</u>
Segment revenue	363,178	290,086	73,092	25.2%
Net investment losses	(29,984)	(102,000)	72,016	-70.6%
Segment revenue and net investment losses	333,194	188,086	145,108	77.1%
	<u>(62,702)</u>	<u>(54,588)</u>	<u>(8,114)</u>	<u>14.9%</u>
Compensation and benefit expenses	(62,702)	(54,588)	(8,114)	14.9%
Finance costs	(10,313)	(9,181)	(1,132)	12.3%
Carried interest to management team and other parties	(69,149)	(18,335)	(50,814)	277.1%
Investment losses attributable to interest holders of consolidated structured entities	14,434	21,263	(6,829)	-32.1%
Impairment loss under expected credit loss model, net of reversal	4,257	(7,179)	11,436	n.m.
Other operating expenses	(52,496)	(44,668)	(7,828)	17.5%
	<u>(175,969)</u>	<u>(112,688)</u>	<u>(63,281)</u>	<u>56.2%</u>
Segment operating expenses	(175,969)	(112,688)	(63,281)	56.2%
	<u>157,225</u>	<u>75,398</u>	<u>81,827</u>	<u>108.5%</u>
Segment operating profit	157,225	75,398	81,827	108.5%
	<u>47.2%</u>	<u>40.1%</u>		
Segment operating margin	47.2%	40.1%		

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

	Investments in our own funds <i>RMB'000</i>	Investments in third-party funds <i>RMB'000</i>
Balance at December 31, 2022	1,363,650	1,092,716
Invested Capital	17,618	6,699
Distribution	(43,406)	(8,479)
Change in value	(65,767)	3,934
Effect of exchange rate change	19,310	32,941
Balance at June 30, 2023	1,291,405	1,127,811

As of June 30, 2023, the internal rate of return of investments in our own private equity funds and investments in third-party private equity funds was 22.6% and 21.4%, respectively.

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

	As of June 30, 2023 <i>RMB in million</i>	As of December 31, 2022 <i>RMB in million</i>
Committed Capital	36,181	36,551
Invested Capital	31,009	30,424
Fair Value of Investments	58,003	58,692
Fee-earning AUM	25,747	26,904
AUM	40,077	42,896

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

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

	Realized Investments ⁽¹⁾			Unrealized Investments		Gross Multiple of Invested Capital ⁽²⁾
	Committed Capital	Invested capital	Fair Value	Invested capital	Fair Value	
<i>RMB in million except multiples and percentages</i>						
As of June 30, 2023						
Main Funds ⁽³⁾	29,944	5,338	16,147	18,455	29,146	1.9
Project Funds	6,237	2,976	7,175	4,240	5,535	1.8
Total	36,181	8,314	23,322	22,695	34,681	1.9
As of December 31, 2022						
Main Funds ⁽³⁾	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
Total	36,551	7,474	21,150	22,950	37,542	1.9

(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 June 30, 2023 and 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 Losses

For the investment management segment, management fees decreased by 9.3% from RMB251.0 million for the six months ended June 30, 2022 to RMB227.5 million for the six months ended June 30, 2023. This decrease was primarily due to the decrease in fee-earning AUM with the distribution of funds in the second half of 2022 and first half of 2023. 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 RMB30.0 million and RMB102.0 million for the six months ended June 30, 2023 and 2022, respectively. Volatilities in secondary markets still affected the mark-to-market valuations in our investment management business, despite our active management of public market positions within investment portfolios.

As of June 30, 2023, the total return of two main funds and three project funds successfully exceeded the agreed return level in the governing agreement, and it is highly improbable that a significant reversal in the amount of cumulative return will occur. Accordingly, the Group was entitled to a performance-based fee and recognized this fee as income from carried interest. The carried interest to management team and other parties was recognized as an operating expense. The realized income from carried interest increased significantly from RMB32.8 million for the six months ended June 30, 2022 to RMB94.2 million for the six months ended June 30, 2023.

Segment Operating Expenses

For the investment management segment, segment operating expenses increased by 56.2% from RMB112.7 million for the six months ended June 30, 2022 to RMB176.0 million for the six months ended June 30, 2023. This increase was primarily due to the increase in carried interest to management team and other parties.

Segment Operating Profit

For the investment management segment, segment operating profit increased by 108.5% from RMB75.4 million for the six months ended June 30, 2022 to RMB157.2 million for the six months ended June 30, 2023. Segment operating margin was 47.2% and 40.1% for the six months ended June 30, 2023 and 2022, respectively.

CR Securities

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

	For the six months ended		Change	% of change
	2023	2022		
	RMB'000	RMB'000	RMB'000	
CR Securities				
Transaction and advisory fees	40,670	49,681	(9,011)	-18.1%
Interest income	6,676	10,052	(3,376)	-33.6%
Segment revenue	<u>47,346</u>	<u>59,733</u>	<u>(12,387)</u>	<u>-20.7%</u>
Net investment gains (losses)	72,339	(21,984)	94,323	n.m.
Segment revenue and net investment gains or losses	<u>119,685</u>	<u>37,749</u>	<u>81,936</u>	<u>217.1%</u>
Compensation and benefit expenses	(105,536)	(103,993)	(1,543)	1.5%
Investment gains attributable to interest holders of consolidated structured entities	—	(122)	122	-100.0%
Impairment loss under expected credit loss model, net of reversal	869	20	849	4,245.0%
Finance cost	(8,602)	(11,623)	3,021	-26.0%
Other operating expenses	(48,281)	(29,920)	(18,361)	61.4%
Segment operating expenses	<u>(161,550)</u>	<u>(145,638)</u>	<u>(15,912)</u>	<u>10.9%</u>
Segment operating loss	<u>(41,865)</u>	<u>(107,889)</u>	<u>66,024</u>	<u>-61.2%</u>

Segment Revenue and Net Investment Gains or Losses

For the CR Securities segment, segment revenue and net investment gains were RMB119.7 million for the six months ended June 30, 2023, an increase of 217.1% from RMB37.7 million for the six months ended June 30, 2022. This increase was primarily due to increase in investment income from principal investment and co-investment in previously underwritten IPO project on Science and Technology Innovation Board.

Segment Operating Expenses

For the CR Securities segment, segment operating expenses increased by 10.9% from RMB145.6 million for the six months ended June 30, 2022 to RMB161.6 million for the six months ended June 30, 2023. This increase was primarily due to the increase in other operating expenses, resulting from the advancement of innovative brokerage business, which was in line with the increase in innovative brokerage revenue.

Segment Operating Loss

For the CR Securities segment, segment operating loss was RMB41.9 million and RMB107.9 million for the six months ended June 30, 2023 and 2022, respectively.

Others

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

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

	For the six months ended			
	June 30,		Change	% of change
	2023	2022		
	RMB'000	RMB'000	RMB'000	
Others				
Segment revenue	<u>40,272</u>	<u>22,636</u>	<u>17,636</u>	<u>77.9%</u>
Segment revenue and net investment gains	<u>45,483</u>	<u>53,841</u>	<u>(8,358)</u>	<u>-15.5%</u>
Compensation and benefit expenses	(43,174)	(44,472)	1,298	-2.9%
Impairment loss under expected credit loss model, net of reversal	3,323	29	3,294	11,358.6%
Finance cost	(22,586)	(22,201)	(385)	1.7%
Other operating expenses	<u>(7,357)</u>	<u>(26,359)</u>	<u>19,002</u>	<u>-72.1%</u>
Segment operating expenses	<u>(69,794)</u>	<u>(93,003)</u>	<u>23,209</u>	<u>-25.0%</u>
Segment operating loss	<u>(24,311)</u>	<u>(39,162)</u>	<u>14,851</u>	<u>-37.9%</u>

Segment Revenue and Net Investment Gains

For the others segment, total revenue and net investment gains were RMB45.5 million for the six months ended June 30, 2023, decreased by 15.5% from RMB53.8 million for the six months ended June 30, 2022.

Segment Operating Expenses

For the others segment, segment operating expenses decreased by 25.0% from RMB93.0 million for the six months ended June 30, 2022 to RMB69.8 million for the six months ended June 30, 2023.

Segment Operating Loss

For the others segment, segment operating loss was RMB24.3 million and RMB39.2 million for the six months ended June 30, 2023 and 2022, respectively.

Results of Operations

Revenue and Net Investment Gains or Losses

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

	For the six months ended		Change	% of change
	2023	2022		
	RMB'000	RMB'000	RMB'000	
Transaction and advisory fees	153,175	280,931	(127,756)	-45.5%
Management fees	239,380	267,133	(27,753)	-10.4%
Interest income	76,528	22,889	53,639	234.3%
Realized income from carried interest	94,218	32,752	61,466	187.7%
Total revenue	563,301	603,705	(40,404)	-6.7%
Net investment gains (losses)	47,831	(91,418)	139,249	n.m.
Total revenue and net investment gains or losses	611,132	512,287	98,845	19.3%

Total revenue was RMB563.3 million for the six months ended June 30, 2023, a decrease of 6.7% from RMB603.7 million for the six months ended June 30, 2022.

- Transaction and advisory fees were RMB153.2 million, a decrease of 45.5% from the prior period.
- Management fees were RMB239.4 million, a decrease of 10.4% from the prior period.
- Interest income was RMB76.5 million, an increase of 234.3% from the prior period.
- Realized income from carried interest was RMB94.2 million, an increase of 187.7% from the prior period.

Net investment gains were mainly derived from investments in our own private equity funds, investments in third-party private equity funds, listed equity investments, wealth management related products, structured finance related products, financial bonds and other cash management products. Net investment gains were RMB47.8 million for the six months ended June 30, 2023, as compared to RMB91.4 million of net investment losses for the six months ended June 30, 2022.

Total revenue and net investment gains were RMB611.1 million for the six months ended June 30, 2023, an increase of 19.3% from RMB512.3 million for the six months ended June 30, 2022.

Operating Expenses

Total operating expenses decreased by 6.5% from RMB585.6 million for the six months ended June 30, 2022 to RMB547.7 million for the six months ended June 30, 2023.

Compensation and benefit expenses decreased by 15.6% from RMB379.5 million for the six months ended June 30, 2022 to RMB320.4 million for the six months ended June 30, 2023. Among compensation and benefit expenses, share-based compensation decreased by 41.8% from RMB70.9 million for the six months ended June 30, 2022 to RMB41.3 million for the six months ended June 30, 2023.

Finance costs decreased by 3.5% from RMB43.0 million for the six months ended June 30, 2022 to RMB41.5 million for the six months ended June 30, 2023.

Reversal of impairment losses under expected credit loss model was RMB37.8 million for the six months ended June 30, 2023, as compared to RMB7.1 million of provision of impairment losses under expected credit loss model for the six months ended June 30, 2022.

Investment losses attributable to interest holders of consolidated structured entities were RMB14.4 million and RMB21.1 million for the six months ended June 30, 2023 and 2022, respectively.

Carried interest to management team and other parties increased from RMB18.3 million for the six months ended June 30, 2022 to RMB69.1 million for the six months ended June 30, 2023, in line with the increase in income from carried interest.

Other operating expenses increased by 6.4% from RMB158.8 million for the six months ended June 30, 2022 to RMB168.9 million for the six months ended June 30, 2023.

Operating Profit (Loss)

Operating profit was RMB63.4 million for the six months ended June 30, 2023, as compared to RMB73.3 million of operating loss for the six months ended June 30, 2022.

Other Income, Gains or Losses

Other gains were RMB7.9 million for the six months ended June 30, 2023, as compared to RMB5.4 million of other losses for the six months ended June 30, 2022. Other gains or losses mainly came from government grants, net exchange loss, gain on partially disposal of an associate. Please refer to the Note 5 to the condensed consolidated financial statements for further details.

Investment Loss arising from Certain Incidental and Ancillary Investments

Incidental to, and ancillary of, our business operations, we have made investments from time to time, the primary types of which include strategic minority equity investments. Usually we make strategic minority equity investments primarily to establish long-term business relationships with selected companies to facilitate our business. These companies operate in various new economy sectors, such as data service and information technology, and we leverage their expertise to enhance our various business operations.

Investment loss arising from certain incidental and ancillary investments decreased from RMB30.2 million for the six months ended June 30, 2022 to nil for the six months ended June 30, 2023.

Share of Results of Associates

Share of gain of associates was RMB0.4 million for the six months ended June 30, 2023, as compared to RMB2.3 million of share of loss of associates for the six months ended June 30, 2022.

Share of Results of Joint Ventures

Share of loss of joint ventures decreased from RMB4.2 million for the six months ended June 30, 2022 to nil for the six months ended June 30, 2023.

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 RMB153.0 million for the six months ended June 30, 2023 was recorded under the change in fair value of call option.

Loss before Tax

Loss before tax was RMB81.2 million and RMB114.0 million for the six months ended June 30, 2023 and 2022, respectively.

Income Tax Expense

Income tax expense was RMB52.0 million and RMB84.1 million for the six months ended June 30, 2023 and 2022, respectively. The decrease was primarily due to less taxable income generated for the six months ended June 30, 2023.

Loss for the Period and Loss for the Period Attributable to Owners of the Company

Loss for the period was RMB133.3 million and RMB198.0 million for the six months ended June 30, 2023 and 2022, respectively. Loss attributable to owners of the Company was RMB150.2 million and RMB153.7 million for the six months ended June 30, 2023 and 2022, respectively.

Adjusted Net Loss Attributable to Owners of the Company

Adjusted net profit attributable to owners of the Company without unrealized net carried interest was RMB44.1 million for the six months ended June 30, 2023, as compared to RMB84.3 million of adjusted net loss attributable to owners of the Company without unrealized net carried interest for the six months ended June 30, 2022. Unrealized net carried interest, calculated as unrealized income from carried interest subtracting carried interest to management team and other parties, was a reverse of RMB175.4 million and a reverse of RMB86.7 million for the six months ended June 30, 2023 and 2022, respectively. Adjusted net loss attributable to owners of the Company with unrealized net carried interest was RMB131.3 million and RMB171.0 million for the six months ended June 30, 2023 and 2022, respectively.

Off-Balance Sheet Commitments and Arrangements

As of June 30, 2023, 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 is aware of the need to use capital for further business development, continuously seeking various means of financing. The Group actively reduced the debt level in the first half of 2023. As of June 30, 2023, the Group had RMB78.9 million of outstanding bank borrowings and held credit facilities from authorized institutions in aggregate principal amount of RMB2,590.5 million. As of June 30, 2023, the Group had RMB1,782.8 million of cash and cash equivalents and highly liquid cash management products. Besides, the Group also had RMB2,261.1 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 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 17.1% as of June 30, 2023, compared with 32.4% as of December 31, 2022.

Significant Investments Held

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

	As of June 30, 2023 <i>RMB'000</i>	As of December 31, 2022 <i>RMB'000</i>
Investments in our own private equity funds in our capacity as a general partner and limited partner	1,291,405	1,363,650
Investments in third-party private equity funds in our capacity as a limited partner	1,127,811	1,092,716
Strategic minority equity investments		
— Investments in the form of preferred shares of other companies	286,301	278,222
— Passive equity holdings in non-associate companies	212,331	212,331
Total	<u>2,917,848</u>	<u>2,946,919</u>

As of June 30, 2023, the Group had investments of our primary investment activities amounting to an aggregate of approximately RMB2,917.8 million measured in fair value, which decreased by 1.0% as compared to December 31, 2022. Each investment was individually less than 5% of the total assets of the Group as of June 30, 2023.

Future Plans for Material Investments and Capital Assets

The Group did not have any plans for material investments and capital assets as at June 30, 2023.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

The Group did not have material acquisitions and disposals of subsidiaries and affiliated companies for the six months ended June 30, 2023.

Employee and Remuneration Policy

As of June 30, 2023, we had 639 full-time employees, including over 85% advisory and investment professionals.

The following table sets forth the number of our employees by function as of June 30, 2023.

Function	Number of Employees	Percentage
Investment Banking	164	26%
Investment Management	65	10%
CR Securities	287	45%
Others	26	4%
Group Middle and Back Office	97	15%
Total	639	100%

The following table sets forth the number of our employees by geographic region as of June 30, 2023.

Geographic Region	Number of Employees	Percentage
Beijing, China	264	41%
Shanghai, China	222	35%
Other cities in China	46	7%
Hong Kong, China	92	15%
United States	12	2%
Singapore	3	—%
Total	639	100%

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our retention strategy, we offer employees performance-based cash bonuses and other incentives in addition to base salaries. As of June 30, 2023, 106 grantees held options granted under the ESOP (as defined in the Prospectus) and restricted shares under the RSU Plan (as defined in the Prospectus) which remained outstanding. The total remuneration expenses, including share-based payment expense, for the six months ended June 30, 2023 were RMB320.4 million, representing a decrease of 15.6% as compared to six months ended June 30, 2022.

Foreign Exchange Risk

Foreign currency risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. Although we operate businesses in different countries, our primary subsidiaries operate in the PRC with most of the transactions settled in RMB. When considered appropriate, we enter into hedging activities with regard to exchange rate risk. As of June 30, 2023, we did not hedge or used any financial instruments for hedging purposes.

Pledge of Assets

As of June 30, 2023, no assets of the Group were pledged.

Contingent Liabilities

As of June 30, 2023, we did not have any material contingent liabilities.

Interim Dividends

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2023.

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

Pursuant to the Dividend Policy, a dividend may only be declared and paid out of the profits and reserves of the Company lawfully available for distribution (including share premium), and may not be declared and paid out if this would result in the Company being unable to pay its debts as they fall due in the ordinary course of business. The Board has absolute discretion on whether to pay a dividend and alternatively, Shareholders may by ordinary resolution declare dividends, but no dividend may be declared in excess of the amount recommended by the Board. In addition, the Company does not currently have a fixed dividend payout ratio. Even if the Board decides to pay dividends, the form, frequency and amount of dividends will depend on, among other things, (a) current and future operations, and future business prospects, (b) the Company’s liquidity position, cash flows, general financial condition, capital adequacy ratio and capital requirements, and (c) the availability of dividends received from subsidiaries and associates in light of statutory and regulatory restrictions on the payment of dividends.

No dividends have been declared or paid by the Company during the six months ended June 30, 2023.

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

	For the six months ended	
	June 30,	
	2023	2022
	RMB’000	RMB’000
Dividends to the Shareholders	—	201,114

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

Compliance with the Code on Corporate Governance Practices

During the six months ended June 30, 2023, the Company has adopted the code provisions as set out in the Part 2 of 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**”) as its own code to govern its corporate governance practices, except for the following deviation, the Company has complied with the code provisions as set out in the Part 2 of the CG Code.

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 of the Company (members of which include the other two of the Company’s Executive Directors Mr. Xie Yi Jing and Mr. Wang Lixing and other management of the Company) 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.

The Company will regularly review and monitor its corporate governance practices to ensure compliance with the CG Code.

Compliance with the Model Code for Securities Transactions by Directors

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

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the six months ended June 30, 2023.

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

No repurchases of Shares have been made by the Company during the six months ended June 30, 2023 (whether on the Stock Exchange or otherwise).

Neither the Company nor any member of the Group purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2023.

Audit Committee and Review of Financial Statements

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

The Audit Committee comprises three independent non-executive Directors, namely Ms. Yao Jue, Mr. Ye Junying and Mr. Zhao Yue. Ms. Yao Jue is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended June 30, 2023. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company with senior management members and the external auditor of the Company, Deloitte Touche Tohmatsu.

Other Board Committees

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

Subsequent Events after the Reporting Period

In August 2023, the Group entered into agreements to dispose certain unlisted investment funds and resulted in the Group recognizing a loss of US\$16.7 million (equivalent to approximately RMB120.7 million) for the year ended December 31, 2023. The accumulated realized investment gain of such certain unlisted investment funds after the disposal was US\$10.7 million (equivalent to approximately RMB77.3 million).

Save as disclosed above, no important events affecting the Company have occurred since June 30, 2023 and up to the date of this announcement.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	<i>Notes</i>	Six months ended June 30,	
		2023	2022
		RMB'000	RMB'000
Revenue	3		
Transaction and advisory fees		153,175	280,931
Management fees		239,380	267,133
Interest income		76,528	22,889
Income from carried interest		94,218	32,752
		<hr/>	<hr/>
Total revenue		563,301	603,705
Net investment gains (losses)	4	47,831	(91,418)
		<hr/>	<hr/>
Total revenue and net investment gains or losses		611,132	512,287
		<hr/>	<hr/>
Compensation and benefit expenses		(320,403)	(379,459)
Carried interest to management team and other parties		(69,149)	(18,335)
Investment losses attributable to interest holders of consolidated structured entities		14,434	21,141
Impairment loss under expected credit loss model, net of reversal	18	37,835	(7,130)
Finance costs		(41,501)	(43,005)
Other operating expenses		(168,923)	(158,835)
		<hr/>	<hr/>
Total operating expenses		(547,707)	(585,623)
		<hr/>	<hr/>
Operating profit (loss)		63,425	(73,336)
		<hr/>	<hr/>
Other income, gains or losses	5	7,920	(5,384)
Investment loss arising from certain incidental and ancillary investments	6	—	(30,201)
Share of results of associates		430	(2,295)
Share of results of a joint venture		—	(4,233)
Change in fair value of call option	12	(152,990)	1,490
		<hr/>	<hr/>
Loss before tax		(81,215)	(113,959)
Income tax expense	7	(52,043)	(84,079)
		<hr/>	<hr/>
Loss for the period	8	(133,258)	(198,038)
		<hr/> <hr/>	<hr/> <hr/>

	<i>Notes</i>	Six months ended June 30,	
		2023	2022
		RMB'000	RMB'000
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		353,654	418,561
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(245,991)	(270,575)
Fair value loss on debt instruments measured at fair value through other comprehensive income		(329)	(283)
Reclassification adjustment to profit or loss on disposal of debt instruments measured at fair value through other comprehensive income		430	—
Impairment loss for debt instruments at fair value through other comprehensive income included in profit or loss, net of reversal		(22)	(20)
Income tax that may be reclassified subsequently to profit or loss		88	76
		<u>107,830</u>	<u>147,759</u>
Other comprehensive income for the period, net of tax			
		<u>(25,428)</u>	<u>(50,279)</u>
<i>(Loss) profit for the period attributable to:</i>			
— Owners of the Company		(150,217)	(153,735)
— Non-controlling interests		16,959	(44,303)
		<u>(133,258)</u>	<u>(198,038)</u>
Total comprehensive (expense) income for the period attributable to:			
— Owners of the Company		(42,813)	(7,047)
— Non-controlling interests		17,385	(43,232)
		<u>(25,428)</u>	<u>(50,279)</u>
Loss per share			
Basic and diluted loss per share	<i>10</i>	<u>RMB(0.30)</u>	<u>RMB(0.30)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	<i>Notes</i>	June 30, 2023	December 31, 2022
		RMB'000	RMB'000
Non-current assets			
Property and equipment		97,056	129,067
Intangible assets		108,829	119,031
Deferred tax assets		219,624	229,628
Investments in associates	<i>11</i>	1,348,150	1,417,957
Financial assets at fair value through profit or loss	<i>12</i>	1,966,075	2,049,359
Financial assets at fair value through other comprehensive income	<i>13</i>	71,425	245,764
Rental deposits		18,575	18,868
Loans to third parties	<i>14</i>	—	203,999
		3,829,734	4,413,673
Current assets			
Accounts and other receivables	<i>15</i>	454,924	1,252,730
Financial assets purchased under resale agreements	<i>16</i>	—	4,715
Loans to third parties	<i>14</i>	226,366	—
Amounts due from related parties	<i>17</i>	674,560	1,071,360
Financial assets at fair value through profit or loss	<i>12</i>	3,145,196	3,315,794
Financial assets at fair value through other comprehensive income	<i>13</i>	72,289	111,908
Term deposits		—	500,207
Pledged bank deposits		—	58,350
Cash held on behalf of brokerage clients		608,059	738,166
Cash and cash equivalents		1,083,185	1,537,730
		6,264,579	8,590,960
TOTAL ASSETS		10,094,313	13,004,633

	<i>Notes</i>	June 30, 2023 RMB'000	December 31, 2022 RMB'000
Current liabilities			
Accounts and other payables	19	804,434	1,792,757
Financial assets sold under repurchase agreements	20	398,155	150,065
Short-term debt instrument issued	21	223,479	236,648
Payable to brokerage clients		608,059	738,166
Payables to interest holders of consolidated structured entities		194,706	223,046
Amounts due to related parties		2,092	1,728
Contract liabilities		133,292	23,745
Bank borrowings	22	78,964	611,927
Lease liabilities		46,035	55,366
Income tax payables		90,880	120,607
		<u>2,580,096</u>	<u>3,954,055</u>
Net current assets		<u>3,684,483</u>	<u>4,636,905</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>7,514,217</u></u>	<u><u>9,050,578</u></u>
Non-current liabilities			
Lease liabilities		35,715	54,460
Bank borrowings	22	—	1,512,566
Contract liabilities		3,164	5,916
Deferred tax liabilities		57,729	72,129
		<u>96,608</u>	<u>1,645,071</u>
NET ASSETS		<u>7,417,609</u>	<u>7,405,507</u>
Capital and reserves			
Share capital	23	93	93
Reserves		6,365,972	6,367,505
Equity attributable to owners of the Company		<u>6,366,065</u>	<u>6,367,598</u>
Non-controlling interests		<u>1,051,544</u>	<u>1,037,909</u>
		<u><u>7,417,609</u></u>	<u><u>7,405,507</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2023

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2023 are the same as those presented in the annual consolidated financial statements of the Company and its subsidiaries (the “Group”) for the year ended December 31, 2022.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by International Accounting Standards Board, for the first time, which are mandatorily effective for the annual period beginning on January 1, 2023 for the preparation of the Group’s condensed consolidated financial statements:

IFRS 17 (including the October 2020 and February 2022 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules

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

3. REVENUE AND SEGMENT INFORMATION

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

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

- (a) The investment banking is a segment of the Group’s operations whereby the Group provides (1) early to late stage financial advisory, Merger & Acquisition advisory inside and outside mainland China, equity underwriting, sales, trading, and brokerage, and research in Hong Kong and the United States of America (the “**USA**”); and (2) structured financing dedicated to exploring and developing non-equity financing services for new-economy firms;
- (b) The investment management is a segment of the Group’s operations whereby the Group provides fund and asset management for individual and institutional clients, and manages its own investment in funds to obtain investment returns;
- (c) CR Securities comprises the Group’s investment banking and asset management businesses in mainland China, which overlap with the other two segments in nature but are otherwise separately operated and focuses on regulated securities market in mainland China and has an independent risk control framework; and
- (d) Others mainly comprise of wealth management business, and investment and management of its own funds. Wealth management business provides value-added wealth management services for high net worth individuals and other high net worth groups represented by new-economy entrepreneurs, and this business also helps the Group integrate and enhance investment and management of its own funds.

Segment revenue and results

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

	Six months ended June 30, 2023				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	112,505	—	40,670	—	—	153,175
Management fees	—	227,544	—	11,836	—	239,380
Interest income	—	41,416	6,676	28,436	—	76,528
Income from carried interest	—	(473,492)	—	—	567,710 ^(note)	94,218
Total revenue	112,505	(204,532)	47,346	40,272	567,710	563,301
Net investment gains (losses)	265	(29,984)	72,339	5,211	—	47,831
Total revenue and net investment gains or losses	112,770	(234,516)	119,685	45,483	567,710	611,132
Compensation and benefit expenses	(108,991)	(62,702)	(105,536)	(43,174)	—	(320,403)
Carried interest to management team and other parties	—	323,194	—	—	(392,343) ^(note)	(69,149)
Investment losses attributable to interest holders of consolidated structured entities	—	14,434	—	—	—	14,434
Impairment loss under expected credit loss model, net of reversal	29,386	4,257	869	3,323	—	37,835
Finance costs	—	(10,313)	(8,602)	(22,586)	—	(41,501)
Other operating expenses	(60,789)	(52,496)	(48,281)	(7,357)	—	(168,923)
Operating (loss) profit	(27,624)	(18,142)	(41,865)	(24,311)	175,367	63,425
Other income, gains or losses						7,920
Share of results of associates						430
Change in fair value of call option						(152,990)
Loss before tax						(81,215)
Income tax expense						(52,043)
Loss for the period						(133,258)

Six months ended June 30, 2022

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

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

Note:

Income from carried interest earned based on the performance of the managed funds (“**Carried Interest**”) is a form of variable consideration in their contracts with customers to provide investment management services. Carried Interest are earned based on fund performance during the period, subject to the achievement of minimum return levels, in accordance with the respective terms set out in each fund’s governing agreements. The segment results of investment management include the unrealised income from Carried Interest calculated on an as-if liquidation basis in the segment information as it is a key measure of value creation, a benchmark of the Group’s performance and a major factor in the Group’s decision making of resource deployment. The revenue adjustments represent the unrealised income from Carried Interest of negative RMB567,710,000 and RMB309,103,000 for the six months ended June 30, 2023 and 2022, respectively, which are based on the underlying fair value change of the respective funds managed by the Group. The associated expense adjustments represent the unrealised carried interest payable to fund management team and other third parties of negative RMB392,343,000 and RMB222,371,000 for the six months ended June 30, 2023 and 2022 respectively. The unrealised income from Carried Interest is allocated to the general partners based on the cumulative fund performance to date, subject to the achievement of minimum return levels to limited partners on an as-if liquidation basis. At the end of each reporting period, the general partners calculate the income from Carried Interest that would be due to the general partners for each fund, pursuant to the fund agreements, as if the fair value of the underlying investments were realised as of such date, irrespective of whether such amounts have been realised.

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

However, for the six months ended June 30, 2023 and 2022, except for RMB94,218,000 and RMB32,752,000, respectively, of Carried Interest realised for certain funds, no income from Carried Interest for other funds was recognised as revenue and it will not be recognised until (a) it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur, or (b) the uncertainty associated with the variable consideration is subsequently resolved. All allocations of Carried Interest as an expense are recognised only when the amounts that will eventually be paid out can be reliably measured, which is generally at the later stage of the applicable commitment period when the amounts are contractually payable, or “crystallised”.

Segment assets and liabilities

Information of segment assets and liabilities that are available for reportable and operating segments are not provided to the CODM for their review. Therefore, no analysis of the Group's assets and liabilities by reportable and operating segments are presented.

Geographical information

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the mainland China and Hong Kong. The geographical information of the total revenues and non-current assets is as follows:

	Revenue from external customers		Non-current assets <i>(note)</i>	
	Six months ended June 30,		At	At
	2023	2022	June 30, 2023	December 31, 2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	470,258	461,461	199,067	233,128
Hong Kong	83,104	121,859	20,510	25,765
USA	9,939	20,385	592	2,558
	<u>563,301</u>	<u>603,705</u>	<u>220,169</u>	<u>261,451</u>

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

Timing of revenue recognition for revenue from contract of customers

	Six months ended June 30,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
A point of time	247,393	313,683
Over time	239,380	267,133
	<u>486,773</u>	<u>580,816</u>

4. NET INVESTMENT GAINS (LOSSES)

	Six months ended June 30,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Net realised and unrealised gains (losses) from financial assets at fair value through profit or loss (“FVTPL”)		
— Wealth management related products	10,197	(9,834)
— Asset management schemes	(2,745)	35,337
— Structured finance related products	1,185	1,957
— Financial bonds	7,158	(2,540)
— Listed equity security investments	82,401	(55,161)
— Convertible notes	8,781	3,815
— Unlisted investment funds at fair value	3,934	(81,360)
— Foreign currency forward contracts	—	37,414
Net realized gains from financial assets at fair value through other comprehensive income (“FVTOCI”)		
— Financial bonds	430	—
Net realised gains from partially transferred investment portfolio		
— Unlisted debt security and equity security investments (note)	—	106,340
Gross gain from consolidated structured entities		
— Asset management schemes	—	342
Gross loss from investments in associates measured at fair value		
— Investment in funds	(65,876)	(137,442)
Dividend income from		
— Wealth management related products	2,365	5,385
— Listed equity security investments	1	2,177
— Asset management schemes	—	2,152
	<u>47,831</u>	<u>(91,418)</u>

Note:

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

5. OTHER INCOME, GAINS OR LOSSES

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Government grants (<i>note</i>)	19,596	15,753
Net exchange loss	(13,475)	(39,771)
Gain on partially disposal of an associate	—	24,837
Others	1,799	(6,203)
	<u>7,920</u>	<u>(5,384)</u>

Note:

The government grants were mainly incentives provided by local government authorities, which primarily included tax incentive awards and industry support funds granted by local government authorities in Shanghai, the PRC, based on the Group's contribution to the development of the local financial sector.

6. INVESTMENT LOSS ARISING FROM CERTAIN INCIDENTAL AND ANCILLARY INVESTMENTS

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Passive Investment loss from		
— Convertible notes	—	(30,201)
	<u>—</u>	<u>(30,201)</u>

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

7. INCOME TAX EXPENSE

	Six months ended June 30,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
Mainland China	54,876	11,255
Hong Kong	1,475	—
	<u>56,351</u>	<u>11,255</u>
Deferred tax	<u>(4,308)</u>	<u>72,824</u>
Total income tax expense	<u><u>52,043</u></u>	<u><u>84,079</u></u>

8. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended June 30,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation of property and equipment	31,479	35,121
Amortisation of intangible assets	13,983	8,717
Expenses recognised relating to short-term leases	1,199	1,375
Staff costs, including directors' remuneration:		
— Directors' fees	443	418
— Salaries, bonus and other allowances	267,772	289,602
— Retirement benefit scheme contributions	10,908	18,516
— Equity-settled share-based payments expenses	41,280	70,923
	<u><u>41,280</u></u>	<u><u>70,923</u></u>

9. DIVIDENDS

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Dividends to shareholders of the Company	<u>—</u>	<u>201,114</u>

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

No dividends have been declared or paid by the Company during the six months ended June 30, 2023.

10. LOSS PER SHARE

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

	Six months ended June 30,	
	2023	2022
Loss for the purpose of basic and diluted loss per share		
Loss for the period attributable to owners of the Company (RMB'000)	<u>(150,217)</u>	<u>(153,735)</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and dilutive loss per share	<u>502,642,560</u>	<u>507,132,222</u>
Basic and dilutive loss per share (RMB)	<u>(0.30)</u>	<u>(0.30)</u>

The computation of diluted loss per share for the six months ended June 30, 2023 and 2022 has not considered the effect of share options and restricted share units given that the effects are anti-dilutive.

11. INVESTMENTS IN ASSOCIATES

	As at June 30, 2023 <i>RMB'000</i>	As at December 31, 2022 <i>RMB'000</i>
Investments in unlisted companies (a)	14,284	13,353
Investments in funds (b)	1,333,866	1,404,604
	1,348,150	1,417,957

(a) Investments in unlisted companies

	As at June 30, 2023 <i>RMB'000</i>	As at December 31, 2022 <i>RMB'000</i>
Cost of unlisted investments in associates	64,377	64,254
Share of post-acquisition profit or loss and other comprehensive expense	(11,805)	(12,235)
Impairment loss	(39,026)	(39,026)
Exchange adjustments	738	360
	14,284	13,353

(b) Investments in funds

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

	As at June 30, 2023 <i>RMB'000</i>	As at December 31, 2022 <i>RMB'000</i>
Cost of investments in funds	934,974	936,720
Fair value changes in funds (note)	324,230	414,148
Exchange adjustments	74,662	53,736
	1,333,866	1,404,604

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

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Current		
Unlisted cash management products (<i>Note i</i>)	205,293	456,515
Money market funds (<i>Note ii</i>)	494,323	579,909
Listed financial bonds (<i>Note iii</i>)	2,257,525	1,854,255
Trust products (<i>Note iv</i>)	3,541	21,652
Listed equity security investments (<i>Note v</i>)	12	216,611
Convertible notes (<i>Note vi</i>)	184,502	186,852
	<u>3,145,196</u>	<u>3,315,794</u>
Non-current		
Unlisted investment funds at fair value (<i>Note vii</i>)	1,154,353	1,092,716
Unlisted debt security investments (<i>Note viii</i>)	436,829	429,195
Unlisted equity security investments (<i>Note ix</i>)	91,803	91,368
Call option for obtaining non-controlling interests (<i>Note x</i>)	283,090	436,080
	<u>1,966,075</u>	<u>2,049,359</u>

Note i: The Group purchased cash management products with expected rates of return per annum ranging from 0.87% to 6.28% as at June 30, 2023 (December 31, 2022: 1.69% to 4.26%). The fair values are based on cash flow discounted using the expected rate of return based on management judgement.

Note ii: The Group invested in money market funds through its consolidated asset management schemes. As these money market funds held by the Group were managed within a business model whose objective is to sell these investments and the contractual terms do not give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding, they were subsequently measured at FVTPL.

Note iii: The Group invested in financial bonds with fixed interest rates ranging from 0.10% to 5.08% as at June 30, 2023 (December 31, 2022: from 0.10% to 5.08%) 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 is 11.00% per annum as at June 30, 2023 (December 31, 2022: 11.00% to 12.00%). As the trust product held by the Group was managed within a business model whose objective is to sell the investment and the contractual terms do not give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding, they were subsequently measured at FVTPL.

- Note v:* These investments represent equity investments in listed companies, and subsequent fair value change of the investments are recorded in the net investment gains (losses) in the condensed consolidated statement of profit or loss and other comprehensive income.
- Note vi:* The Group invested in convertible notes with fixed interest rates of 10.00% (December 31, 2022: 10.00%) 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 11, 2024.
- Note vii:* The fair values of the unlisted investment funds are mainly 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 (losses) in the condensed consolidated statement of profit or loss and other comprehensive income.
- Note viii:* These investments represent investments in the preferred shares of unlisted companies. The subsequent fair value change of the investments are recorded in the investment loss arising from certain incidental and ancillary investments in the condensed consolidated statement of profit or loss and other comprehensive income.
- Note ix:* These investments represent equity investments in the unlisted companies, and subsequent fair value change of the investments are recorded in the investment loss arising from certain incidental and ancillary investments in the condensed consolidated statement of profit or loss and other comprehensive income.
- Note x:* The Group holds a call option to obtain any non-controlling interests from the non-controlling shareholder of a subsidiary of the Group, China Renaissance Securities (China) Co. Ltd. (“**China Renaissance Securities**”), at the book value of the non-controlling interests exercisable at any time after its establishment. The fair value as at June 30, 2023 amounted to RMB283,090,000 (December 31, 2022: RMB436,080,000). The call option is not traded in an active market and the respective fair value is determined by using valuation technique. The fair values has been determined in accordance with Black Scholes model based on fair value of underlying net assets of China Renaissance Securities and the estimate of the exercisability of the call option.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Listed financial bonds	143,714	357,672
Less: non-current portion	(71,425)	(245,764)
	<u>72,289</u>	<u>111,908</u>

The total cost of the financial bonds as at June 30, 2023 was RMB139,806,000 (December 31, 2022: RMB348,971,000) and the fair value as at June 30, 2023 was RMB143,714,000 (December 31, 2022: RMB357,672,000) and with changes in fair value recorded in fair value loss on debt instruments measured at fair value through other comprehensive expense. The accumulated expected credit losses of financial bonds amounting to RMB14,000 as at June 30, 2023 (December 31, 2022: RMB36,000) was recognised in other reserves.

14. LOANS TO THIRD PARTIES

	As at June 30, 2023 <i>RMB'000</i>	As at December 31, 2022 <i>RMB'000</i>
Wallaby Medical Holding, Inc. (“ Wallaby ”) (<i>note a</i>)	198,733	192,717
Zhejiang Shengze Credit Management Co., Ltd (“ Shengze ”) (<i>note b</i>)	27,772	—
Song Huanping (“ Song ”) (<i>note c</i>)	—	11,418
Less: Impairment loss allowance	(139)	(136)
	226,366	203,999
Less: non-current portion	—	(203,999)
	226,366	—

Notes:

- (a) In March 2022, the Group entered into agreement with Wallaby, a third party. A loan amounting to US\$24,935,000 (equivalent to approximately RMB180,175,000) as at June 30, 2023 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 under certain circumstances. The Group expected the loan will be repaid on the second anniversary of the loan origination. The interest rates from first year to third year were 8.0%, 8.5% and 9.5% per annum, respectively, plus 7% compound interest per annum. The loan was secured by a pledge over the shares of a third-party company.
- (b) In February 2023, the Group entered into agreement with Shengze, a third party. A loan amounting to RMB27,000,000 with an interest rate of 12% was made to Shengze as at June 30, 2023. The loan will be repaid in instalments within one year. The loan was secured by a pledge over the equity interest held by Shengze and was guaranteed by Shengze’s parent company.
- (c) In January 2022, the Group entered into agreement with Song, a third-party individual. A loan amounting to RMB10,000,000 with an interest rate of 15% was made to Song. 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. The loan was early repaid with an interest rate of 7.5% as at June 30, 2023.

15. ACCOUNTS AND OTHER RECEIVABLES

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Accounts receivables		
— Accounts receivable (<i>note i</i>)	49,979	93,032
— Open trade receivable (<i>note ii</i>)	249,482	977,380
Advance to suppliers	12,564	17,160
Prepayment for money market fund investments	—	8,567
Other receivables		
— Refundable deposits	99,328	110,309
— Staff loans	27,309	45,482
— Value-added tax recoverable	1,473	2,347
Others	24,256	37,141
Subtotal	464,391	1,291,418
Less: Impairment loss allowance	(9,467)	(38,688)
Total	<u>454,924</u>	<u>1,252,730</u>

Note i: The Group allows an average credit period of 180 days for its customers. The following is an aging analysis of accounts receivables based on invoice dates at the end of the reporting periods:

Aging of accounts receivable (net of impairment loss allowance)

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
0–30 days	16,062	39,473
31–60 days	152	2,680
61–90 days	4,258	4,365
91–180 days	7,131	5,279
181–360 days	12,424	1,815
> 360 days	577	1,067
	<u>40,604</u>	<u>54,679</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.

Details of the impairment assessment are set out in Note 18.

16. FINANCIAL ASSETS PURCHASED UNDER RESALE AGREEMENTS

	As at June 30, 2023 <i>RMB'000</i>	As at December 31, 2022 <i>RMB'000</i>
Analysed by collateral type:		
— Debt securities	—	4,713
Add: Interest receivable	<u>—</u>	<u>2</u>
Total	<u><u>—</u></u>	<u><u>4,715</u></u>
Analysed by market:		
— Stock exchanges	<u>—</u>	<u>4,715</u>
Total	<u><u>—</u></u>	<u><u>4,715</u></u>

17. AMOUNTS DUE FROM RELATED PARTIES

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

Amounts due from related parties — trade nature

	As at June 30, 2023 <i>RMB'000</i>	As at December 31, 2022 <i>RMB'000</i>
Wuxi Jiangyin Huaxing Lingjie Equity Investment Partnership (Limited Partnership) (“WXJY”)	907,568	1,076,392
Shenzhen Huasheng Lingxiang Equity Investment Partnership (Limited Partnership)	44,331	44,331
Huaxing Capital Partners II, L.P.	23,976	36,260
CR Life Star Fund LLC	9,375	6,235
Huaxing Growth Capital IV, L.P.	8,715	20,425
Shenzhen Huasheng Lingfeng Equity Investment Partnership (Limited Partnership)	8,250	—
Huaxing Yihui LLC	4,840	3,742
Huaxing Capital Partners, L.P.	4,755	3,861
CR HB XI Venture Feeder, LP	910	585
HX Pioneer Selection Limited	795	1,231
Huaxing Yichong LLC	777	599
HX Quality Selection Limited	578	488
HX Premium Selection Limited	506	469
HX Advanced Selection Limited	179	625
Shanghai Huasheng Lingjin Equity Investment Partnership (Limited Partnership)	94	245
Huaxing IV Colt, Ltd.	1	1,290
Huajie (Tianjin) Medical Investment Partnership (Limited Partnership)	—	217,243
Tianjin Huajie Haihe Health Investment Partnership (Limited Partnership)	—	2,954
Shanghai Huasheng Lingshi Venture Investment Partnership (Limited Partnership)	—	12
Less: Impairment loss allowance	(347,234)	(351,223)
	<u>668,416</u>	<u>1,065,764</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 RMB108,082,000 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 RMB907,568,000 in relation to investment portfolio transferred by the Group to WXJY, and overdue portion was 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 RMB2,358,000 were made based on the Group’s provision matrix within lifetime ECL (not credit-impaired) as of June 30, 2023. For debtors with credit-impaired, the Group assesses individually. As of June 30, 2023, gross carrying amounts of RMB907,568,000 were credit-impaired. Impairment allowance of RMB344,876,000 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 invoice dates, are as follows:

	As at June 30, 2023 RMB’000	As at December 31, 2022 RMB’000
0–30 days	15,178	274,438
31–60 days	—	3,991
61–90 days	1,643	4,380
91–180 days	32,487	16,387
181–360 days	610,732	742,412
>1 year	8,376	24,156
	<u>668,416</u>	<u>1,065,764</u>

Amounts due from related parties — non-trade nature

		As at June 30, 2023	As at December 31, 2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Beijing Ruizhi Medical Equity Investment Partnership (Limited Partnership)	<i>i</i>	723	695
Xiamen Huazhan Qige Venture Capital Partnership (Limited Partnership)	<i>i</i>	549	549
Huaxing Yihui LLC	<i>i</i>	418	277
Huaxing Growth Capital Medley Platform	<i>i</i>	384	418
Xiamen Huaxing Fengji Venture Capital Partnership (Limited Partnership)	<i>i</i>	358	358
Huaxing Growth Capital Visions Feeder L.P.	<i>i</i>	283	273
Huaxing Capital Partners II, L.P.	<i>i</i>	240	—
Huaxing Growth Capital III, L.P.	<i>i</i>	89	—
Xiamen Huaxing Zhixian Venture Investment Partnership (Limited Partnership)	<i>i</i>	70	—
Tianjin Huaxing Fengtai Venture Capital Partnership (Limited Partnership)	<i>i</i>	65	62
Rosy Legend Asia L.P.	<i>i</i>	50	19
Rosy Grand Asia L.P.	<i>i</i>	46	14
Rosy Quality Asia L.P.	<i>i</i>	46	14
Xiamen Huaxing Lingpei Venture Investment Partnership (Limited Partnership)	<i>i</i>	45	45
Dazi Chonghua Enterprise Management Co., Ltd.	<i>ii</i>	2,796	2,796
Other funds managed by the Group	<i>i</i>	281	357
Less: Impairment loss allowance		(299)	(281)
		6,144	5,596

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.

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

	Six months ended June 30,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Impairment loss (reversed) recognized in respect of		
Accounts and other receivables	(33,841)	(87)
Loans to third parties	(8)	5,056
Amounts due from related parties	(3,964)	2,181
Financial assets at FVTOCI	(22)	(20)
	<u>(37,835)</u>	<u>7,130</u>

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended June 30, 2023 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2022.

19. ACCOUNTS AND OTHER PAYABLES

	As at	As at
	June 30,	December 31,
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, bonus and other benefit payables	342,053	459,404
Open trade payable (<i>note a</i>)	257,543	979,576
Other payables	52,576	50,841
Consultancy fee payables	29,011	20,626
Carried interests to management team and other parties (<i>note b</i>)	91,235	238,122
Other tax payables	22,554	11,826
Accrued expenses	9,462	21,948
Dividend payable	—	10,414
	<u>804,434</u>	<u>1,792,757</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 condensed 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 June 30, 2023, carried interests to management team and other parties measured at fair value is RMB nil (December 31, 2022: RMB30,349,000).

20. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at June 30, 2023 <i>RMB'000</i>	As at December 31, 2022 <i>RMB'000</i>
Analysed by collateral type:		
— Debt securities	398,000	150,000
Add: Interest payable	155	65
	<hr/>	<hr/>
Total	398,155	150,065
	<hr/> <hr/>	<hr/> <hr/>
Analysed by market:		
— Stock exchanges	398,155	150,065
	<hr/>	<hr/>
Total	398,155	150,065
	<hr/> <hr/>	<hr/> <hr/>

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

The proceeds from selling such securities are presented as financial assets sold under repurchase agreements. Since the Group transfers contractual rights to receive the cash flows of the securities, it does not have the ability to sell or repledge these transferred securities during the term of these arrangements. Financial assets sold under repurchase agreements bear effective interest from 3.11% to 3.57% (December 31, 2022: 3.50% to 3.95%) per annum.

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

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Carrying amount of transferred assets		
—financial assets at FVTPL	724,266	480,785
—financial assets at FVTOCI	140,390	357,672
Carrying amount of associated liabilities	(398,155)	(150,065)
Net position	466,501	688,392

21. SHORT-TERM DEBT INSTRUMENT ISSUED

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Structured notes	223,479	236,648

As at June 30, 2023, the interest rates of structured notes range from 3.10% to 3.30% (December 31, 2022: 3.30% to 6.08%) per annum.

22. BANK BORROWINGS

During the current interim period, the Group obtained new bank loans amounting to RMB67,880,000 (six months ended June 30, 2022: RMB169,740,000) and repaid bank loans amounting to RMB2,170,579,000 (six months ended June 30, 2022: RMB166,375,000). The loans carry interest at fixed market rates per annum ranging from 4.35 % to 4.50% (December 31, 2022: 3.75% to 4.90%). The loans are repayable in instalments within one year. The proceeds were used for daily operation for the Group.

23. SHARE CAPITAL

	Number of shares	Nominal value Per share <i>US\$</i>	Share capital <i>US\$</i>	
Authorised				
At January 1, 2022, January 1, 2023 and June 30, 2023	<u>2,000,000,000</u>	0.000025	<u>50,000</u>	
	Number of shares	Nominal value per share <i>US\$</i>	Share capital <i>US\$</i>	Amount shown in the financial statements <i>RMB</i>
Issued and fully paid				
At January 1, 2022	550,364,776		13,759	90,156
Shares issued to the Trusts	12,000,000	0.000025	300	2,022
Exercise of share options	<u>6,033,000</u>	0.000025	<u>151</u>	<u>1,016</u>
At January 1, 2023 and June 30, 2023	<u>568,397,776</u>		<u>14,210</u>	<u>93,194</u>
			As at June 30, 2023 <i>RMB'000</i>	As at December 31, 2022 <i>RMB'000</i>
Presented as			<u>93</u>	<u>93</u>

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.huaxing.com.

DELAY IN DESPATCH OF 2023 INTERIM REPORT

As disclosed in the Company's announcement dated March 31, 2023, the Company was unable to publish its audited annual results announcement for the year ended December 31, 2022 and despatch the 2022 annual report as the auditors of the Company are not able to complete their audit and sign off their auditor report prior to (i) 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. As at the date of this announcement, request (i) of the Auditors remains unresolved. Accordingly, the Company will not be able to despatch the 2023 interim report on or before September 30, 2023 as required under Rule 13.48(1) of the Listing Rules, unless the 2022 audited annual results are published and the 2022 annual report is despatched.

The Company will publish further announcement(s) in respect of the 2022 audited annual results, 2022 annual report, and 2023 interim report as and when appropriate.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, the trading in Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 3 April 2023 and will remain suspended until the fulfilment of the Resumption Guidance (as defined in the Company's announcement dated June 2, 2023).

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, August 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. Lin Ning David as Non-executive Director, and Ms. Yao Jue, Mr. Ye Junying and Mr. Zhao Yue as Independent Non-executive Directors.