



*(Incorporated in Bermuda with limited liability)*  
(Stock Code: 1141)

# INTERIM REPORT 2023



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## Abbreviations

In this interim report, the following abbreviations have the following meanings unless otherwise specified:

“Board”	Board of Directors
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“China Minsheng Bank”	China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange (stock code: 1988) and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 600016)
“China Minsheng Bank Group”	China Minsheng Bank and its subsidiaries, excluding members of the Group
“CMBCI”	CMBC International Holdings Limited, a company incorporated in Hong Kong with limited liability and an indirect controlling Shareholder of the Company
“CMBC International Investment”	CMBC International Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a controlling Shareholder of the Company
“CMBC International Investment (HK)”	CMBC International Investment (HK) Limited, a company incorporated in Hong Kong with limited liability and an indirect controlling Shareholder of the Company
“Company”	CMBC Capital Holdings Limited
“Director(s)”	Director(s) of the Company
“Executive Committee”	the executive committee of the Board
“Group”	the Company and its subsidiaries
“HK\$” and “HK cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

## Abbreviations

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Money Lenders Ordinance”	the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“PRC” or “China”	The People’s Republic of China, for the purpose of this interim report only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Previous Period”	the six months ended 30 June 2022
“Reporting Period”	the six months ended 30 June 2023
“Risk Management and Internal Control Committee”	the risk management and internal control committee of the Board
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	the share(s) of the Company
“Share Award Scheme”	the share award scheme adopted by the Company on 19 February 2016
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Development Committee”	the strategic development committee of the Board
“US” or “United States”	The United States of America
“US\$”	United States dollars, the lawful currency in the United States
“%”	per cent

# Corporate Information

(as at the date of this interim report)

## BOARD OF DIRECTORS

### Executive Directors<sup>(1)(2)(3)</sup>

Mr. Li Baochen (*Chairman*)<sup>(1)</sup>  
Mr. Li Ming (*General Manager*)<sup>(2)</sup>  
Mr. Ng Hoi Kam

### Non-executive Directors

Mr. Yang Kunpeng  
Mr. Li Wenshi

### Independent Non-executive Directors

Mr. Lee, Cheuk Yin Dannis  
Mr. Wu Bin  
Mr. Wang Lihua

## AUDIT COMMITTEE

Mr. Lee, Cheuk Yin Dannis (*Chairman*)  
Mr. Wu Bin  
Mr. Wang Lihua

## REMUNERATION COMMITTEE

Mr. Wu Bin (*Chairman*)  
Mr. Li Wenshi  
Mr. Wang Lihua

## NOMINATION COMMITTEE

Mr. Wu Bin (*Chairman*)  
Mr. Li Wenshi  
Mr. Wang Lihua

## COMPANY SECRETARY

Mr. Wong Tin Yu

## TRADING OF SHARES

The Stock Exchange of Hong Kong  
Limited

## STOCK CODE

1141

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

45/F, One Exchange Square  
8 Connaught Place  
Central, Hong Kong

## PRINCIPAL BANKERS

China Minsheng Banking Corp., Ltd  
Industrial and Commercial  
Bank of China Limited  
Shanghai Pudong Development  
Bank Co., Ltd  
CMB Wing Lung Bank Limited

## LEGAL ADVISER

Howse Williams

## AUDITOR

PricewaterhouseCoopers  
Certified Public Accountants Hong Kong  
Registered Public Interest Entity Auditor

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
4th Floor North, Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## WEBSITE

<http://www.cmbccap.com>

### Notes:

- (1) Mr. Li Baochen was appointed as an executive Director, Chairman of the Board, chairman of the Executive Committee, chairman of the Strategic Development Committee and a member of the Risk Management and Internal Control Committee, with effect from 6 January 2023.
- (2) Mr. Li Ming was appointed as an executive Director, the general manager and a member of the Executive Committee, Risk Management and Internal Control Committee and Strategic Development Committee, with effect from 6 January 2023.
- (3) Mr. Ding Zhisuo resigned as an executive Director, the general manager and a member of the Executive Committee, Risk Management and Internal Control Committee and Strategic Development Committee, with effect from 6 January 2023.

# Management Discussion and Analysis

## BUSINESS REVIEW

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

Under the impact of multiple factors such as high inflation in the US, the Federal Reserve’s interest rate hikes and balance sheet reduction, war clouds between Russia and Ukraine and the slowdown in China’s economic growth, Hong Kong’s capital markets experienced a turbulent situation in the first half of 2023 with a sharp drop in equity and bond prices, which had a significant impact on the development of all the Group’s businesses and posed challenges to revenue and profit.

During the Reporting Period, the Group recorded revenue of approximately HK\$265.2 million, representing a period-over-period decrease of approximately 36.4%. The net loss amounted to approximately HK\$250.5 million, representing a period-over-period decrease of approximately 10.1%. The decrease in losses was mainly attributable to the decrease in the provision of expected credit losses on the Group’s bond investments. Other than the above, the Group’s operating performance and cash flows remained stable during the Reporting Period.

### Securities

During the Reporting Period, affected by the increasing cost of offshore US dollar-denominated bond financing for Chinese issuers as a result of the US Federal Reserve’s interest rate hikes, the primary issuance of US dollar-denominated bonds was generally sluggish during the Reporting Period. As a result, the amount and scale of bonds underwritten by the Group had decreased slightly compared to the Previous Period. However, the Group quickly adapted to market changes, expanded the types of bond underwriting products, and comprehensively and steadily developed the bond underwriting business. During the Reporting Period, the Group completed the underwriting of 42 bond issues. The overall credit quality of the Group’s bond underwriting entities remained relatively strong, comprising mainly financial institutions and urban investment enterprises with high ratings. Investment-grade bond issuance accounted for approximately 65% of the total underwriting volume.

# Management Discussion and Analysis

## BUSINESS REVIEW (continued)

### Investment and Financing

During the Reporting Period, the external environments were more challenging. Inflation remained on the high side and inflation rates among some markets remained high despite the overall inflation rates of most countries or regions were on a downward trend. China re-opened its market at the beginning of this year, thus boosting its economy and driving the growth of global economy successfully. However, the pace of recovery may be slower than expected as shown by the recently weakened economic data. With the continuous rate hikes introduced by the US Federal Reserve, as well as the expectation that the interest rate will further increase, the financial condition of customers will be more difficult. The prices of investment-grade Chinese-issued US dollar-denominated bonds remained stable but there were drops in the prices of high-yield Chinese-issued US dollar-denominated bonds. The growth rates of A shares and Hong Kong stocks were low as compared with the stock markets in Europe, US, Japan, etc. In this regard, the Group increased the provision of allowance for expected credit losses on certain high-yield bond investments and adjusted downward the fair value of its investments in equity securities, as well as further strengthened the risk control on the financing business.

### Asset Management

The Group's asset management business covers the SFC authorised funds (commonly known as "public funds"), private funds, discretionary managed accounts and investment advisory services, with a focus on providing integrated and multi-level asset management solutions to clients based on their needs. In particular, the public funds include bond funds and debt-equity hybrid funds, and the private funds consist of private equity investment funds, hybrid multi-strategy funds and structured funds.

During the Reporting Period, the Group continued to abide by the principles of "sensitive to market, loyal to trends, skilled at trading, ready to assume responsibility and strictly self-disciplined", implemented multiple measures to ensure efficient management of the net asset value of asset management products, and achieved significant results in the face of the unsatisfactory capital market sentiment, continued interest rate hikes by the US Federal Reserve and risk incidents involving the European and American banking industry. As at 30 June 2023, the net asset value of the public funds recorded stable growth, with the net asset value of CMBC Aggregate Greater China Select Bond Fund and CMBC Aggregate Greater China Strategy Fund increased by approximately 2.26% and 2.65%, respectively. Meanwhile, during the Reporting Period, the Group issued money market funds, which further diversified asset management product offerings and filled up the gap in the Group's cash management products.

# Management Discussion and Analysis

## BUSINESS REVIEW (continued)

### Corporate Finance and Advisory

During the Reporting Period, despite the unfavorable market atmosphere, the Group had overcome the difficulties and assisted Star Plus Legend Holdings Limited (stock code: 6683, "Star Plus Legend"), the principal business activities of which are new retail and IP creation and operation, to launch its initial public offering on 30 June 2023 and to list on the Main Board of the Stock Exchange on 13 July 2023. The Group expects that the stock market may continue to fluctuate in the second half of the year and it will continue to make solid preparations. With respect to stock underwriting, despite the unstable market environment, the Group, with its excellent underwriting ability, completed a total of four stock underwriting projects (not including Star Plus Legend) during the Reporting Period. The Group acted as the overall coordinator in two listing projects, namely Star Plus Legend and Zhongtian Construction (Hunan) Group Limited (stock code: 2433), and the joint bookrunner in the other three projects. The projects above covered industries of new retail, construction materials, shipping services, building construction and fire engineering.

### Wealth Management

During the Reporting Period, the Group commenced operation of the wealth management business, and provided diversified products and services for high-net-worth individual customers. In addition to seeking synergies with investment banking business of the Group, the Group created a new profit growth point, which laid a solid foundation for further expanding product lines in the future.

## PROSPECTS AND DEVELOPMENT STRATEGIES

### Prospects

Inbound tourism and private consumption are expected to be the main growth drivers of Hong Kong's economy this year. As transportation capacity and reception capacity continue to recover, visitor arrivals are expected to further increase. Improved labor market conditions and various measures implemented by the government to strengthen the recovery momentum will provide additional support to private consumption. However, the global economy is currently affected by downside risks, such as financial sector stress, sovereign debt distress, continued tensions between Russia and Ukraine, and geoeconomic fragmentation. As the tightening monetary policies implemented by central banks in the United States and Europe have not been loosened, coupled with the recent banking turmoil in Europe and the United States, the credit conditions will also be affected, adding uncertainties to the outlook of global economy. Fortunately, as the COVID-19 pandemic in the Mainland China subsides, the pandemic prevention measures are gradually lifted and the authorities have launched a number of measures to support the economy, the domestic economy has improved significantly and should be able to relieve some pressure. Overall, after a year-on-year contraction in 2022, the domestic economy is expected to record a growth this year.

# Management Discussion and Analysis

## PROSPECTS AND DEVELOPMENT STRATEGIES (continued)

### Development Strategies

As the global economy is sluggish, the United States, Europe, the United Kingdom and other developed economies stay on course for more interest rate hikes, and events such as banking crisis in the United States and Europe, and the Russian-Ukrainian conflict continue to disrupt the economy, the capital market in Hong Kong faces a number of difficulties. The development of the Group's business encounters many challenges. Under such circumstances, the management of the Group will closely monitor the situation, adjust the operational plans and strategic development direction, optimize the organizational structure, strengthen its investment banking business layout, and further promote the development of its integrated and coordinated business with China Minsheng Bank, the controlling Shareholder, on the basis of a comprehensive review of the Company's operations and management.

In a market environment where opportunities and challenges coexist, the Group will focus closely on the main idea of "high-quality development" of China Minsheng Bank, develop licensed businesses as core strategy, introduce and build a professional, efficient and competent personnel team, enrich and improve the full range of investment banking products, and expand the coverage of business marketing. The Group will continue to consolidate the investment banking customer base and continue to improve the ability to sell investment banking products, so as to better meet the needs of customers of China Minsheng Bank for overseas investment banking business. The specific measures are as follows:

- (1) Increase revenue and reduce expenditure to improve performance. With the support and coordination of China Minsheng Bank and its Hong Kong branch, the Group will deeply explore potential business needs, cultivate new business growth points such as wealth management, continue to sort out and optimize the bond investment portfolio, and increase the reserve of effective projects for licensed businesses such as listing sponsorship and bond underwriting, striving to expand the source of income for the year. In terms of cost reduction, the Group will strengthen its internal streamlined management, establish a sound mechanism for treasury and asset-liability management, endeavor to control financial expenses, and strictly control the expenditure of daily operating expenses.
- (2) Steadily improve the competitiveness of investment banking business. The Group will make full use of the existing advantages of US-dollar bond underwriting, increase the ability to lead the underwriting of bonds for key customers, and expand the marketing channels of the sponsorship and financial advisor projects for initial public offering through multiple measures. By vigorously promoting the customer entrusted asset management business, the Group will seize the development opportunities arising from the integration of the Greater Bay Area and interconnection and connectivity of the Greater Bay Area and Hong Kong and build a comprehensive and diversified asset management platform.

# Management Discussion and Analysis

## PROSPECTS AND DEVELOPMENT STRATEGIES (continued)

### Development Strategies (continued)

- (3) Strengthen synergy and coordination and contribute to China Minsheng Bank Group to strive to create integrated financial services for customers. The Group will continue to deepen the synergy strategy through building an interactive customer marketing mechanism, an interactive product system, and an interactive third-party resource sharing mechanism to create a comprehensive financial service ecology and position itself as a light-asset investment banking platform to promote the development of investment banking business by capitalizing on our synergistic strengths.
- (4) Maintain a balance between risk control and steady development. The Group will strictly implement the risk management policy of "three lines of defense", and strengthen the daily assessment and training of internal risk control. The Group will carry out multi-dimensional and all-round structural adjustment and follow-up monitoring over various kinds of asset businesses, further optimize the asset portfolio structure, improve asset quality, and enhance the ability to resist risks.
- (5) Leveraging on the customer resources of China Minsheng Bank, the Group will vigorously expand institutional business and wealth management business. Relying on the brand and customer resources of China Minsheng Bank, the Group will tap its cross-border business opportunities by focusing on the strategic customers of China Minsheng Bank, so as to provide a full range of investment banking services for the strategic customers of China Minsheng Bank as well as establish a synergy and sharing mechanism to cooperate with China Minsheng Bank branches in the Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, Bohai Rim and Chengdu-Chongqing to expand the Group's institutional and wealth management business.

The Group will continue to carry forward the spirit of striving and swimming against the tide, uphold the established strategy that risk control and internal control and compliance are the top priorities, and on the premise of adhering to the bottom line of risk and compliance, continue to strengthen collaborative synergies, and steadily improve the competitiveness of investment banking business, fully promote the strategic transformation of the Group's business development, enhance the brand influence of the Group, and create long-term value for customers, Shareholders, employees and society.

## FINANCIAL RESULTS

During the Reporting Period, the Group's loss attributable to the owners of the Company decreased by approximately 10.1% to approximately HK\$250.5 million, as compared to approximately HK\$278.6 million in the Previous Period. The Group's basic and diluted loss per share was approximately HK22.32 cents (Previous Period: HK23.93 cents).

## Management Discussion and Analysis

### FINANCIAL RESULTS (continued)

#### Revenue

The Group's revenue decreased by approximately 36.4% to approximately HK\$265.2 million during the Reporting Period, as compared to approximately HK\$417.1 million in the Previous Period. The decrease in revenue was mainly due to the extremely sluggish and volatile capital market in Hong Kong during the Reporting Period, with a decline in funding in the US dollar bond market and IPO market, as well as a decrease in the size of fixed-income investments, resulting in the decrease of investment banking income, such as bond underwriting and sponsorship as well as stock underwriting, and interest income from fixed-income investments. The table below presents the breakdown of segment revenue (including net gains or losses from investment) and segment results during the Reporting Period with comparative figures in the Previous Period:

	Segment Revenue and Net Gains or Losses from Investment For the six months ended 30 June		Segment Results For the six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Securities	9,159	18,849	(18,189)	(36,548)
Fixed-income direct investment	141,265	276,470	(180,603)	(150,585)
Other investment and financing	(6,082)	(97,677)	(92,582)	(158,531)
Asset management	73,518	63,533	62,599	49,396
Corporate finance and advisory	6,375	18,152	(2,962)	7,915
Others	–	–	(5,332)	13,103
Total	224,235	279,327	(237,069)	(275,250)

#### Securities Segment

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

During the Reporting Period, the revenue contributed by the securities segment decreased to approximately HK\$9.2 million, while the loss of segment results decreased to approximately HK\$18.2 million, compared to the revenue and loss of approximately HK\$18.8 million and HK\$36.5 million, respectively, in the Previous Period. The decrease in segment revenue was mainly due to the decline in bond underwriting business and decrease in interest income from margin financing, while the drop in loss was mainly due to decrease in the provision of expected credit losses during the Reporting Period in the margin financing business.

# Management Discussion and Analysis

## FINANCIAL RESULTS (continued)

### Investment and Financing Segment

During the Reporting Period, the external environments were more challenging. Inflation remained on the high side and inflation rates among some markets remained high despite the overall inflation rates of most countries or regions were on a downward trend. China re-opened its market at the beginning of this year, thus boosting its economy and driving the growth of global economy successfully. However, the pace of recovery may be slower than expected as shown by the recently weakened economic data. With the continuous rate hikes introduced by the US Federal Reserve, as well as the expectation that the interest rate will further increase, the financial condition of customers will be more difficult. The prices of investment-grade Chinese-issued US dollar-denominated bonds remained stable but there were drops in the prices of high-yield Chinese-issued US dollar-denominated bonds. The growth rates of A shares and Hong Kong stocks were low as compared with the stock markets in Europe, US, Japan, etc. In this regard, the Group increased the provision of allowance for expected credit losses on certain high-yield bond investments and adjusted downward the fair value of its investments in equity securities, as well as further strengthened the risk control on the financing business.

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

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

### Fixed-income Direct Investment

During the Reporting Period, revenue and net investment losses from the fixed-income direct investment segment, which included but not limited to coupons from the bonds under direct investment, amounted to an aggregate of approximately HK\$141.3 million as compared to approximately HK\$276.5 million in the Previous Period. Segment loss increased to approximately HK\$180.6 million, compared to a loss of approximately HK\$150.6 million for the Previous Period. The decrease in segment revenue was mainly due to the decrease in coupon income as a result of the decrease in the scale of bond investments during the Reporting Period; the increase in the segment loss was mainly due to the increase in interest expenses as a result of several interest rate hikes during the Reporting Period.

## Management Discussion and Analysis

### FINANCIAL RESULTS (continued)

#### Investment and Financing Segment (continued)

##### *Other Investment and Financing*

During the Reporting Period, revenue and net investment gains and losses from the other investment and financing segment, which included but not limited to coupons, dividends and distribution income from bonds (other than those under fixed-income direct investment), listed equities, unlisted equity interests and unlisted funds, as well as interest income from loans, amounted to an aggregate of approximately -HK\$6.1 million as compared to approximately -HK\$97.7 million in the Previous Period. The decrease in negative amount of segment revenue and net investment gains and losses was mainly due to a slowdown in decline in the fair value of investments. Segment loss decreased to approximately HK\$92.6 million, compared to a loss of approximately HK\$158.5 million for the Previous Period. The decrease in the segment loss was mainly due to the decrease in negative amount of segment revenue and net investment gains and losses, however the increase in the provision of expected credit losses on loans during the Reporting Period narrowed the decline.

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

	<b>30 June 2023 HK\$'000</b>	31 December 2022 HK\$'000
<b>Investment</b>		
Listed equities (measured at FVTPL)	<b>53,038</b>	68,207
Listed equities (measured at FVOCI)	<b>24,365</b>	27,862
Unlisted equity interests	<b>261,624</b>	259,277
Bonds (measured at FVOCI)	<b>4,537,357</b>	6,030,539
Bonds (measured at FVTPL)	<b>470,869</b>	1,516,117
Unlisted funds	<b>729,743</b>	772,478
Total	<b>6,076,996</b>	8,674,480
<b>Financing</b>		
Loans and advances	<b>344,700</b>	439,888

# Management Discussion and Analysis

## FINANCIAL RESULTS (continued)

### Investment and Financing Segment (continued)

As at 30 June 2023, the Group's investment portfolio mainly included but not limited to listed equities, bonds, unlisted equity interests and unlisted funds, covering a wide range of sectors such as industry, pharmaceuticals, technology, consumer goods, real estate and finance.

As at 30 June 2023, the assets of the proprietary investment of the Group amounted to approximately HK\$6.1 billion (31 December 2022: HK\$8.7 billion), including bonds investment of approximately HK\$5.0 billion (31 December 2022: HK\$7.5 billion). The future performance of such a portfolio will depend on many factors, including uncertainties in the financial markets, the economic development trend in both Hong Kong and the Mainland China and investors' sentiment.

During the Reporting Period, the Group's investment portfolio generated a revenue of approximately HK\$159.1 million (Previous Period: HK\$295.0 million) in total, including interest income of approximately HK\$55.8 million (Previous Period: HK\$156.6 million) from debt securities investments, interest income of approximately HK\$19.9 million (Previous Period: HK\$9.0 million) from FVTPL investments and dividend income and other investment income of approximately HK\$83.4 million (Previous Period: HK\$129.4 million).

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

# Management Discussion and Analysis

## FINANCIAL RESULTS (continued)

### Investment and Financing Segment (continued)

The unlisted direct investment business of the Group, which included equity interests and funds, mainly focuses on high-tech innovative enterprises and new consumer goods enterprises.

The financing business of the Group focuses on short-to-mid term financing so as to maintain the flexible configuration and high liquidity of the Group's assets, which involves industries including non-essential consumer goods, technology and real estate. The Group constantly monitors and adjusts concentration, maturity profile and risk-to-revenue ratio of the asset portfolio, while further strengthening the risk reviews and control measures on customers and projects in face of the current market environment to strike a balance between the overall risk and revenue generation.

### Asset Management Segment

The Group's asset management represents the provision of asset management services to clients. The Group's asset management segment recorded revenue of approximately HK\$73.5 million during the Reporting Period as compared to approximately HK\$63.5 million in the Previous Period and segment profit of approximately HK\$62.6 million during the Reporting Period as compared to approximately HK\$49.4 million in the Previous Period. The increase in segment revenue and profit was due to the increase in asset management fee income as a result of the increase in average asset management fee rate.

### Corporate Finance and Advisory Segment

During the Reporting Period, the Group recorded a revenue of approximately HK\$6.4 million and segment loss of approximately HK\$3.0 million for the corporate finance and advisory segment, as compared to revenue of approximately HK\$18.2 million and segment profit of approximately HK\$7.9 million in the Previous Period. The segment revenue was lower as compared to the Previous Period and segment results turned from a profit to a loss as the performance of this segment was affected by the decline in the financing amount in the IPO market in Hong Kong.

# Management Discussion and Analysis

## FINANCIAL RESULTS (continued)

### Administrative Expenses and Finance Costs

Administrative expenses and finance costs for the Reporting Period amounted to approximately HK\$221.3 million in aggregate as compared to approximately HK\$180.0 million in the Previous Period. The analysis is set out below:

	For the six months ended	
	30 June 2023 HK\$'000	30 June 2022 HK\$'000
Staff costs	30,638	38,934
Depreciation and amortisation	11,158	11,110
Other operating expenses	29,949	23,161
Finance costs	149,555	106,749
Total	221,300	179,954

The decrease in staff costs was mainly due to the decrease in staff headcount.

The increase in other operating expenses was mainly due to the increase in transaction costs on investments incurred during the Reporting Period.

The increase in finance costs was mainly due to the interest rate hikes.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

### Capital Structure

As at 30 June 2023, the total number of the issued share capital with the par value of HK\$0.4 each was 1,121,852,693 (31 December 2022: 1,123,664,693) and the total equity attributable to the Shareholders was approximately HK\$1,480.6 million (31 December 2022: HK\$1,599.4 million).

During the Reporting Period, no Shares had been purchased or granted to the selected persons of the Group under the Share Award Scheme.

### Liquidity and Financial Resources

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

As at 30 June 2023, the Group had current assets of approximately HK\$7,566.2 million (31 December 2022: HK\$10,739.1 million) and liquid assets comprising cash (excluding cash held on behalf of customers), investment in listed equity securities and debt investments totaling approximately HK\$5,641.7 million (31 December 2022: HK\$8,536.3 million).

# Management Discussion and Analysis

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE (continued)

### Liquidity and Financial Resources (continued)

The Group's current ratio as at the end of the Reporting Period, calculated based on current assets of approximately HK\$7,566.2 million (31 December 2022: HK\$10,739.1 million) over current liabilities of approximately HK\$6,117.2 million (31 December 2022: HK\$9,173.9 million), was approximately 1.2 (31 December 2022: 1.2).

The Group's finance costs for the Reporting Period mainly represented the interest on loans from CMBCI of approximately HK\$68.7 million (Previous Period: HK\$73.5 million), interest on repurchase agreements of approximately HK\$79.5 million (Previous Period: HK\$22.7 million) and interest on lease liabilities of approximately HK\$1.3 million (Previous Period: HK\$1.6 million).

As at 30 June 2023, the Group's indebtedness mainly comprised loans from CMBCI and financial assets sold under repurchase agreements of approximately HK\$5,509.6 million (31 December 2022: HK\$8,624.7 million). The principal of loans from CMBCI of approximately HK\$2,434.0 million (31 December 2022: HK\$4,649.7 million) were denominated in Hong Kong dollars and United States dollars and borne interests at 4% per annum (2022: 2.5% per annum) and were repayable within one year. As at 30 June 2023, the Group entered into repurchase agreements with financial institutions to sell bonds recognized as financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit and loss with carrying amount of approximately HK\$3,941.7 million (31 December 2022: HK\$4,912.1 million), which are subject to the simultaneous agreements to repurchase these investments at the agreed dates and prices.

The Group's gearing ratio as at the end of the Reporting Period, calculated on the basis of total indebtedness divided by the sum of total indebtedness and equity attributable to the Company's owners, was approximately 78.8% (31 December 2022: 84.4%).

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

### PLEDGE OF ASSETS

Except as otherwise disclosed, as at 30 June 2023, the Group did not have other pledge or charge on assets (31 December 2022: Nil).

# Management Discussion and Analysis

## CONTINGENT LIABILITY

Unless otherwise disclosed, as at 30 June 2023, the Group had no significant contingent liability (31 December 2022: Nil).

## FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 30 June 2023. In the event that the Group is engaged in any plan for material investments or capital assets, the Company will make announcement(s) and comply with relevant requirements under the Listing Rules as and when appropriate.

## CAPITAL COMMITMENT

As at 30 June 2023, the Group had no significant capital commitment (31 December 2022: Nil).

## SIGNIFICANT INVESTMENTS HELD

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

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

During the Reporting Period, the Group had no material acquisitions or disposals of subsidiaries and associates.

## FOREIGN CURRENCY RISK MANAGEMENT

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

## HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2023, the Group had 75 (30 June 2022: 82) employees. For the Reporting Period, the total staff costs, including the Directors' remuneration, was approximately HK\$30.6 million (Previous Period: HK\$38.9 million). Remuneration packages for the employees and the Directors are structured by reference to market terms, individual competence, performance and experience. Benefits plans maintained by the Group include the mandatory provident fund scheme, subsidised training program, share award scheme and discretionary bonuses.

## Other Information

### EVENTS AFTER THE REPORTING PERIOD

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

### RISK MANAGEMENT CAPABILITIES

The Group is committed to continuously strengthening the Group's overall risk management capabilities and always attaches great importance to risk management and internal control. The Board has established the Risk Management and Internal Control Committee to monitor the Group's overall risk management structure and determine the Company's overall risk appetite and risk management strategies. The Group adopts a pragmatic approach to manage different risks according to professional categories, and implements comprehensive risk management, mainly including money laundering risk, credit risk, market risk, legal compliance risk, operational risk and liquidity risk. The Group has implemented comprehensive risk management policies and internal control procedures to monitor, evaluate and manage risks involved in various businesses. The Group strictly implements various risk management tasks in accordance with the existing governance structure, implements risk management measures and internal monitoring systems and continues to improve them and enhances the culture and concept of risk management and compliance.

### INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the Reporting Period (Previous Period: Nil).

### SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on 19 February 2016 (the "Adoption Date"). For further details of the Share Award Scheme, please refer to the Company's announcement dated 19 February 2016 (the "Adoption Announcement").

As disclosed in the Adoption Announcement, the Share Award Scheme was not subject to the provisions of Chapter 17 of the Listing Rules. However, the Stock Exchange made amendments to Chapter 17 of the Listing Rules in July 2022, which took effect on 1 January 2023. The amended scope of application of Chapter 17 of the Listing Rules covers the Share Award Scheme. Therefore, the operation of the Share Award Scheme is subject to the provisions of the revised Chapter 17 of the Listing Rules from 1 January 2023. In addition, according to the transitional arrangements provided by the Stock Exchange, the Company can only grant shares to eligible participants as defined in Chapter 17 of the revised Listing Rules under the Share Award Scheme.

Since the Adoption Date, the Company has not granted any share awards under the Share Award Scheme. Accordingly, at the beginning and end of the Reporting Period, the total number of share awards available for grant under the Share Award Scheme was 114,446,894 shares.

## Other Information

### SHARE AWARD SCHEME (continued)

As the Company has yet to set and seek approval by the Shareholders sublimit on the total number of Shares that may be issued in respect of all awards to be granted to service providers (as defined in Rule 17.03A(1) of the Listing Rules) under the Share Award Scheme pursuant to Rule 17.03B(2) of the Listing Rules, no share awards can be granted to service providers under the Share Award Scheme as at the beginning and the end of the Reporting Period.

Save as the abovementioned Share Award Scheme, the Company does not have any other share award schemes or share option schemes during the Reporting Period.

### UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors are set out as follows:

- Mr. Li Ming has been appointed as a director of both CMBC Asset Management Company Limited and CMBC Insurance Consultancy Co Limited (formerly known as CMBC Financial Products Limited), wholly owned subsidiaries of the Company, with effect from 30 May 2023.
- Mr. Ng Hoi Kam has ceased to act as a director of CMBC Insurance Consultancy Co Limited with effect from 30 May 2023.
- Mr. Lee, Cheuk Yin Dannis has been elected as an independent non-executive director of Luen Thai Holdings Limited (a company listed on the Stock Exchange; stock code: 311) with effect from 25 May 2023.

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, none of the Directors nor the chief executive of the Company or their respective associates had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be and were recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures", the "Share Award Scheme" above, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the Reporting Period.

## Other Information

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2023, according to the public information available on the website of the Stock Exchange and to the knowledge of the Directors, the following companies had an interest in the Shares which was recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Capacity/nature of interest	Number of Shares held	Approximate percentage of the issued share capital of the Company	Long position/ Short position
China Minsheng Bank	Interest of controlled corporation	760,588,477 (Note)	67.80%	Long position
CMBCI	Interest of controlled corporation	758,166,477 (Note)	67.58%	Long position
	Beneficial Owner	2,422,000 (Note)	0.22%	Long position
		760,588,477	67.80%	
CMBC International Investment (HK)	Interest of controlled corporation	758,166,477 (Note)	67.58%	Long position
CMBC International Investment	Beneficial Owner	758,166,477 (Note)	67.58%	Long position

*Note:* CMBC International Investment was beneficially and wholly-owned by CMBC International Investment (HK), which was in turn beneficially and wholly-owned by CMBCI. CMBCI was beneficially and wholly-owned by China Minsheng Bank. As such, each of CMBC International Investment (HK), CMBCI and China Minsheng Bank was deemed to be interested in the Shares held by CMBC International Investment and China Minsheng Bank was deemed to be interested in the Shares held by CMBCI.

Save as disclosed above, as at 30 June 2023, according to the public information available on the website of the Stock Exchange and to the knowledge of the Directors, no companies or persons had an interest or short position in the Shares and underlying Shares which was recorded in the register required to be kept by the Company under section 336 of the SFO.

## Other Information

### CORPORATE GOVERNANCE

The Company has complied with all the applicable provisions of the CG Code throughout the Reporting Period except for the following deviation with reason as explained:

#### Appointment of Chairman and General Manager

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

#### *Deviation*

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

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry by the Company, all Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the Reporting Period.

### AUDIT COMMITTEE

The condensed consolidated financial statements of the Company for the Reporting Period have been reviewed by the audit committee of the Company and the Company's independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The independent auditor, on the basis of their review, concluded that nothing has come to their attention that causes them to believe that the condensed consolidated financial statements are not prepared, in all material aspects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

## Other Information

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Board considers that the repurchase of Shares could increase the net asset value per share, so the Company repurchased a total of 1,934,000 Shares on the Stock Exchange, with a total consideration (before transaction costs) of approximately HK\$2.93 million for the Reporting Period. As at the date of this interim report, all repurchased Shares have been cancelled.

Details of repurchase are as follows:

Month of repurchase	Total Shares repurchased	Highest price paid per Share (HK\$)	Lowest price paid per Share (HK\$)	Total consideration paid (HK\$'000)
January	837,000	1.70	1.59	1,392
February	170,000	1.65	1.63	278
April	548,000	1.40	1.26	743
May	187,000	1.42	1.35	260
June	192,000	1.39	1.24	257
Total	1,934,000			2,930

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

**Li Baochen**  
Chairman

Hong Kong, 30 August 2023

# Report on Review of Condensed Consolidated Financial Statements

## To the Board of Directors of CMBC Capital Holdings Limited

*(incorporated in Bermuda with limited liability)*

### INTRODUCTION

We have reviewed the condensed consolidated financial statements set out on pages 25 to 62, which comprises the condensed consolidated statement of financial position of CMBC Capital Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2023 and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on condensed consolidated financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Report on Review of Condensed Consolidated Financial Statements (continued)

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of the Group are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 30 August 2023

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

For the six months ended 30 June 2023

	Notes	Six months ended	
		30 June 2023 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Unaudited)
Revenue	4	<b>265,217</b>	417,073
Net losses on financial assets/liabilities at fair value through profit or loss ("FVTPL")		<b>(25,162)</b>	(126,544)
Net losses on financial assets at fair value through other comprehensive income ("FVOCI")		<b>(15,820)</b>	(11,202)
Other income	5	<b>19,206</b>	5,423
Other losses	6	<b>(9,658)</b>	(22,613)
Impairment losses	7	<b>(249,552)</b>	(357,433)
Staff costs		<b>(30,638)</b>	(38,934)
Depreciation and amortisation		<b>(11,158)</b>	(11,110)
Other operating expenses		<b>(29,949)</b>	(23,161)
Finance costs	8	<b>(149,555)</b>	(106,749)
Loss before taxation	9	<b>(237,069)</b>	(275,250)
Taxation	10	<b>(13,432)</b>	(3,361)
Loss for the period attributable to owners of the Company		<b>(250,501)</b>	(278,611)
		<b>HK cents</b>	HK cents
Loss per share attributable to owners of the Company	11		
– Basic		<b>(22.32)</b>	(23.93)
– Diluted		<b>(22.32)</b>	(23.93)

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the six months ended 30 June 2023

	Six months ended	
	30 June 2023 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Unaudited)
<b>Loss for the period attributable to owners of the Company</b>	<b>(250,501)</b>	(278,611)
<b>Other comprehensive income/(loss)</b>		
Item that will not be reclassified to profit or loss:		
– Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	<b>40,199</b>	(187,075)
Item that may be reclassified subsequently to profit or loss:		
– Financial assets at fair value through other comprehensive income – net movement in fair value reserve (recycling)	<b>94,461</b>	(325,943)
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>134,660</b>	(513,018)
<b>Total comprehensive loss for the period attributable to owners of the Company</b>	<b>(115,841)</b>	(791,629)

The notes on pages 31 to 62 form part of these condensed consolidated financial statements.

# Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		5,399	4,890
Right-of-use asset		65,625	75,228
Goodwill		16,391	16,391
Intangible assets		960	960
Other assets		11,831	13,416
		<b>100,206</b>	110,885
<b>Current assets</b>			
Accounts receivable	14	132,492	212,831
Prepayments, deposits and other receivables		65,914	76,441
Interest receivables		78,586	116,551
Loans and advances	13	344,700	439,888
Financial assets at fair value through other comprehensive income	15	4,561,722	6,058,401
Financial assets at fair value through profit or loss	16	1,515,274	2,616,079
Tax recoverable		19,003	19,577
Financial assets held under resale agreements		3,943	–
Cash held on behalf of customers		225,385	216,486
Cash and cash equivalents		619,230	982,858
		<b>7,566,249</b>	10,739,112

## Condensed Consolidated Statement of Financial Position (continued)

As at 30 June 2023

	Notes	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
<b>Current liabilities</b>			
Accounts payable	17	228,571	261,375
Other payables and accruals		157,211	122,879
Amount due to an intermediate holding company		46,158	55,459
Loans from an intermediate holding company	18	2,563,859	4,710,620
Tax payable		20,534	12,955
Financial assets sold under repurchase agreements	19	3,075,626	3,974,951
Financial liabilities at fair value through profit or loss	20	4,471	14,871
Lease liabilities		20,801	20,801
		<b>6,117,231</b>	9,173,911
<hr/>			
Net current assets		<b>1,449,018</b>	1,565,201
<hr/>			
Total assets less current liabilities		<b>1,549,224</b>	1,676,086
<hr/>			
<b>Non-current liabilities</b>			
Lease liabilities		48,840	57,959
Deferred tax liabilities		19,797	18,769
		<b>68,637</b>	76,728
<hr/>			
Net assets		<b>1,480,587</b>	1,599,358
<hr/>			
<b>Capital and reserves</b>			
Share capital	21	448,741	449,466
Reserves		1,031,846	1,149,892
Total equity		<b>1,480,587</b>	1,599,358

The notes on pages 31 to 62 form part of these condensed consolidated financial statements.

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

Note	Attributable to owners of the Company							
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus* HK\$'000	Fair value reserve (recycling) HK\$'000	Fair value reserve (non-recycling) HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 31 December 2022 (audited)	449,466	1,618,497	1,823,745	(269,869)	(221,639)	(402)	(1,800,440)	1,599,358
Loss for the period	-	-	-	-	-	-	(250,501)	(250,501)
Other comprehensive income	-	-	-	94,461	40,199	-	-	134,660
Total comprehensive loss	-	-	-	94,461	40,199	-	(250,501)	(115,841)
Disposal of equity investments at fair value through other comprehensive income	-	-	-	-	20,024 <sup>#</sup>	-	(20,024) <sup>#</sup>	-
Shares repurchased but not yet cancelled	-	-	-	-	-	(1,260)	-	(1,260)
Shares repurchased and cancelled 21(i)	(725)	(2,108)	-	-	-	1,163	-	(1,670)
At 30 June 2023 (unaudited)	448,741	1,616,389	1,823,745	(175,408)	(161,416)	(499)	(2,070,965)	1,480,587

Note	Attributable to owners of the Company							
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus* HK\$'000	Fair value reserve (recycling) HK\$'000	Fair value reserve (non-recycling) HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 31 December 2021 (audited)	469,786	1,703,289	1,909,183	(17,752)	7,195	(7,464)	(1,308,540)	2,755,697
Loss for the period	-	-	-	-	-	-	(278,611)	(278,611)
Other comprehensive loss	-	-	-	(325,943)	(187,075)	-	-	(513,018)
Total comprehensive loss	-	-	-	(325,943)	(187,075)	-	(278,611)	(791,629)
Disposal of equity investments at fair value through other comprehensive income	-	-	-	-	23,576 <sup>#</sup>	-	(23,576) <sup>#</sup>	-
Shares repurchased but not yet cancelled	-	-	-	-	-	(3,228)	-	(3,228)
Shares repurchased and cancelled 21(i)	(12,178)	(59,126)	-	-	-	8,225	-	(63,079)
Dividend approved in respect of the previous year	-	-	(85,573)	-	-	-	-	(85,573)
At 30 June 2022 (unaudited)	457,608	1,644,163	1,823,610	(343,695)	(156,304)	(2,467)	(1,610,727)	1,812,188

\* Contributed surplus is a distributable reserve and will be used for payment of dividends.

# Amounts reclassified to accumulated losses upon disposal of equity investments at fair value through other comprehensive income.

The notes on pages 31 to 62 form part of these condensed consolidated financial statements.

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended	
	30 June 2023 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Unaudited)
Net cash from/(used in) operating activities	<b>1,881,159</b>	(1,619,334)
Net cash used in investing activities		
Purchases of property, plant and equipment	<b>(2,064)</b>	(194)
	<b>(2,064)</b>	(194)
Net cash (used in)/generated from financing activities		
Repurchase of shares	<b>(2,930)</b>	(66,306)
New borrowings raised	<b>20,000</b>	3,207,291
Repayments of borrowings	<b>(2,250,817)</b>	(283,221)
Repayment of notes	–	(1,130,765)
Principal and interest elements of lease payments	<b>(10,401)</b>	(10,401)
	<b>(2,244,148)</b>	1,716,598
Net (decrease)/increase in cash and cash equivalents	<b>(365,053)</b>	97,070
Cash and cash equivalents at the beginning of the period	<b>982,858</b>	769,875
Effect of foreign exchange rate changes, net	<b>1,425</b>	23,585
Cash and cash equivalents at the end of the period	<b>619,230</b>	890,530

The notes on pages 31 to 62 form part of these condensed consolidated financial statements.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 1 BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules") including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They were authorised for issue on 30 August 2023.

These condensed consolidated financial statements contain selected explanatory notes which include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of CMBC Capital Holdings Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") since the 2022 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in 2022 annual financial statements.

The preparation of condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These condensed consolidated financial statements are unaudited, but have been reviewed by PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the HKICPA. PricewaterhouseCoopers's independent review report to the Board of Directors is included on pages 23 and 24.

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with HKFRSs.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 2 CHANGES IN ACCOUNTING POLICIES

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

The following standard and amendments to accounting standards are applicable for annual reporting periods commencing on or after 1 January 2023:

- HKFRS 17 Insurance Contracts
- Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to HKAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to HKAS 12

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 3 SEGMENT INFORMATION

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 3 SEGMENT INFORMATION (continued)

### Disaggregation of revenue

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

	Six months ended	
	30 June 2023 HK\$'000	30 June 2022 HK\$'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by service lines		
– Commission income from brokerage and related services	667	141
– Commission income from underwriting, sub-underwriting, placing and sub-placing	4,064	16,689
– Financial advisory, sponsorship, arrangement fee and other service income	4,324	12,578
– Asset management fee, investment advisory services fee and performance fee income	73,518	63,533
	<b>82,573</b>	92,941
<b>Revenue from other sources</b>		
Loan and financing		
– Interest income from provision of finance and securities margin financing	23,541	29,096
Financial investments		
– Interest income from debt securities investments	55,811	156,617
– Interest income from FVTPL investments	19,900	8,999
– Dividend income and other investment income	83,392	129,420
	<b>159,103</b>	295,036
	<b>265,217</b>	417,073

The Group's revenue from continuing operation from external customers are located in Hong Kong.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 3 SEGMENT INFORMATION (continued)

### Disaggregation of revenue (continued)

Disaggregation of revenue is set out below:

For the six months ended	Securities		Fixed-income direct investment		Other investment and financing		Asset management		Corporate finance and advisory		Total	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15	2,680	11,256	-	-	-	-	73,518	63,533	6,375	18,152	82,573	92,941
<b>Revenue from other sources</b>												
Loan and financing												
- Interest income from provision of finance and securities margin financing	6,479	7,593	-	-	17,062	21,503	-	-	-	-	23,541	29,096
Financial investments												
- Interest income from debt securities investments	-	-	55,811	156,617	-	-	-	-	-	-	55,811	156,617
- Interest income from FVTPL investments	-	-	17,732	-	2,168	8,999	-	-	-	-	19,900	8,999
- Dividend income and other investment income	-	-	81,397	126,909	1,995	2,511	-	-	-	-	83,392	129,420
	-	-	154,940	283,526	4,163	11,510	-	-	-	-	159,103	295,036
<b>Reportable segment revenue</b>	<b>9,159</b>	<b>18,849</b>	<b>154,940</b>	<b>283,526</b>	<b>21,225</b>	<b>33,013</b>	<b>73,518</b>	<b>63,533</b>	<b>6,375</b>	<b>18,152</b>	<b>265,217</b>	<b>417,073</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 3 SEGMENT INFORMATION (continued)

### Segment revenue and results

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

	Six months ended 30 June 2023						Total HK\$'000
	Securities HK\$'000	Fixed- income direct investment HK\$'000	Other investment and financing HK\$'000	Asset management HK\$'000	Corporate finance and advisory HK\$'000	Others HK\$'000	
Segment revenue and investment gains/(losses)							
- Reportable segment revenue	9,159	154,940	21,225	73,518	6,375	-	265,217
- Net gains/(losses) on financial assets/liabilities at fair value through profit or loss	-	2,145	(27,307)	-	-	-	(25,162)
- Net losses on financial assets at fair value through other comprehensive income	-	(15,820)	-	-	-	-	(15,820)
	9,159	141,265	(6,082)	73,518	6,375	-	224,235
Other income	5,114	5,732	3,246	4	-	5,110	19,206
Other gains and losses	1,105	(26,119)	2,661	501	11	12,183	(9,658)
Segment expenses	(33,567)	(301,481)	(92,407)	(11,424)	(9,348)	(22,625)	(470,852)
Segment results	(18,189)	(180,603)	(92,582)	62,599	(2,962)	(5,332)	(237,069)

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 3 SEGMENT INFORMATION (continued)

### Segment revenue and results (continued)

	Six months ended 30 June 2022						Total HK\$'000
	Securities HK\$'000	Fixed- income direct investment HK\$'000	Other investment and financing HK\$'000	Asset management HK\$'000	Corporate finance and advisory HK\$'000	Others HK\$'000	
Segment revenue and investment gains/(losses)							
- Reportable segment revenue	18,849	283,526	33,013	63,533	18,152	-	417,073
- Net gains/(losses) on financial assets/liabilities at fair value through profit or loss	-	4,146	(130,690)	-	-	-	(126,544)
- Net losses on financial assets at fair value through other comprehensive income	-	(11,202)	-	-	-	-	(11,202)
	18,849	276,470	(97,677)	63,533	18,152	-	279,327
Other income	311	427	9	17	214	4,445	5,423
Other gains and losses	1,187	(44,091)	4,148	323	15	15,805	(22,613)
Segment expenses	(56,895)	(383,391)	(65,011)	(14,477)	(10,466)	(7,147)	(537,387)
Segment results	(36,548)	(150,585)	(158,531)	49,396	7,915	13,103	(275,250)

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 3 SEGMENT INFORMATION (continued)

### Segment assets and liabilities

	As at 30 June 2023						Total HK\$'000
	Securities HK\$'000	Fixed- income direct investment HK\$'000	Other investment and financing HK\$'000	Asset management HK\$'000	Corporate finance and advisory HK\$'000	Others HK\$'000	
<b>Assets</b>							
Segment assets	608,491	5,293,997	1,562,987	53,447	21,901	125,632	7,666,455
<b>Liabilities</b>							
Segment liabilities	469,590	5,530,118	23,286	20,738	-	142,136	6,185,868

	As at 31 December 2022						Total HK\$'000
	Securities HK\$'000	Fixed- income direct investment HK\$'000	Other investment and financing HK\$'000	Asset management HK\$'000	Corporate finance and advisory HK\$'000	Others HK\$'000	
<b>Assets</b>							
Segment assets	590,983	7,601,339	2,307,166	146,215	1,429	202,865	10,849,997
<b>Liabilities</b>							
Segment liabilities	480,254	7,858,321	737,399	13,156	-	161,509	9,250,639

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 4 REVENUE

	Six months ended	
	30 June 2023 HK\$'000	30 June 2022 HK\$'000
Commission income from brokerage and related services	667	141
Commission income from underwriting, sub-underwriting, placing and sub-placing	4,064	16,689
Interest income from debt securities investments	55,811	156,617
Interest income from FVTPL investments	19,900	8,999
Interest income from provision of finance and securities margin financing	23,541	29,096
Dividend income and other investment income	83,392	129,420
Financial advisory, sponsorship, arrangement fee and other service income	4,324	12,578
Asset management fee, investment advisory services fee and performance fee income	73,518	63,533
	<b>265,217</b>	417,073

## 5 OTHER INCOME

	Six months ended	
	30 June 2023 HK\$'000	30 June 2022 HK\$'000
Bank interest income	10,187	76
Office sharing fee income	4,440	4,440
Other income	4,579	907
	<b>19,206</b>	5,423

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 6 OTHER LOSSES

	Six months ended	
	30 June 2023 HK\$'000	30 June 2022 HK\$'000
Net exchange losses	(9,658)	(22,613)

## 7 IMPAIRMENT LOSSES

	Six months ended	
	30 June 2023 HK\$'000	30 June 2022 HK\$'000
Provision/(reversal) of impairment losses		
– Loans and advances (Note 13)	67,226	35,258
– Accounts receivable (Note 14)	21,442	38,750
– Financial assets at fair value through other comprehensive income (Note 15)	156,795	270,939
– Financial assets at amortised cost	–	(180)
– Interest receivables	4,067	12,656
– Financial assets held under resale agreements	22	10
	249,552	357,433

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 8 FINANCE COSTS

	Six months ended	
	30 June 2023 HK\$'000	30 June 2022 HK\$'000
Interest expenses on:		
Notes payable	–	8,944
Overdraft	1	–
Loans from an intermediate holding company	68,735	73,524
Repurchase agreements	79,537	22,686
Lease liabilities	1,282	1,595
	<b>149,555</b>	106,749

## 9 LOSS BEFORE TAXATION

	Six months ended	
	30 June 2023 HK\$'000	30 June 2022 HK\$'000
The Group's loss before taxation is arrived at after charging:		
Depreciation of property, plant and equipment	1,555	1,507
Depreciation of right-of-use asset	9,603	9,603

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 10 TAXATION

	Six months ended	
	30 June 2023 HK\$'000	30 June 2022 HK\$'000
Current period – Hong Kong Profits Tax	(12,404)	(9,879)
Deferred tax (charged)/credited for the period	(1,028)	6,518
	<b>(13,432)</b>	<b>(3,361)</b>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable loss for both periods.

## 11 LOSS PER SHARE

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

	Six months ended	
	30 June 2023 HK\$'000	30 June 2022 HK\$'000
<b>Loss</b>		
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	(250,501)	(278,611)

	Six months ended	
	30 June 2023 '000	30 June 2022 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	1,122,443	1,164,368

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 11 LOSS PER SHARE (continued)

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

There was no dilutive items during the six months ended 30 June 2023 and 2022.

## 12 DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023 (Previous Period: Nil).

## 13 LOANS AND ADVANCES

	<b>As at 30 June 2023 HK\$'000</b>	As at 31 December 2022 HK\$'000
Loans and advances	<b>553,575</b>	581,537
Less: Allowance for expected credit losses	<b>(208,875)</b>	(141,649)
	<b>344,700</b>	439,888

The carrying amounts of the above loans and advances as at 30 June 2023 and 31 December 2022 are due within one year and presented under current assets.

At 30 June 2023, loans and advances included loans to independent third parties with effective interest rates ranging from 7% to 20% (31 December 2022: 6% to 10%) per annum. Certain loans and advances were secured and/or backed by guarantees or collaterals. Regular reviews on these loans are conducted by the risk management department based on the latest status of these loans, and the latest available information about the borrowers and the underlying collaterals held.

During the six months ended 30 June 2023, allowance for expected credit losses of approximately HK\$67,226,000 was recognised (for the six months ended 30 June 2022: HK\$35,258,000) in the condensed consolidated statement of profit or loss and other comprehensive income. As at 30 June 2023, loans and advances to independent third parties with gross carrying amount of HK\$258,945,000 (31 December 2022: HK\$257,791,000) were assessed as credit-impaired and included in Stage 3. Allowance for expected credit losses of HK\$208,694,000 (31 December 2022: HK\$141,200,000) was measured and recognised, which represented the difference between the outstanding loan balances and the expected recoverable amounts (taking into account of the underlying collaterals) as determined by independent professional valuers.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 14 ACCOUNTS RECEIVABLE

	<b>As at 30 June 2023 HK\$'000</b>	As at 31 December 2022 HK\$'000
Accounts receivable arising from the ordinary course of business of securities brokerage, futures and options dealing services:		
– Clearing houses	<b>3,172</b>	10,418
– Cash clients	<b>67</b>	5
– Margin clients	<b>181,911</b>	176,438
	<b>185,150</b>	186,861
Accounts receivable arising from the ordinary course of business of securities underwriting	<b>4,382</b>	3,173
Accounts receivable arising from the ordinary course of business of advisory services	<b>2,858</b>	–
Accounts receivable arising from the ordinary course of business of asset management services	<b>26,634</b>	87,887
	<b>219,024</b>	277,921
Less: Allowance for expected credit losses	<b>(86,532)</b>	(65,090)
	<b>132,492</b>	212,831

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 14 ACCOUNTS RECEIVABLE (continued)

### Accounts receivable arising from the business of dealing in securities

The normal settlement terms of accounts receivable from cash clients, margin clients and clearing houses, except for accounts receivable due from margin clients, arising from the ordinary course of business of securities brokerage services are two trading days after the trade date. No ageing analysis is disclosed as, in the opinion of directors of the Company, an ageing analysis does not give additional value in view of the nature of this business.

Accounts receivable due from margin clients are repayable on demand and carry interest at 5% to 18.8% per annum during the six months ended 30 June 2023 (during the year ended 31 December 2022: 3.5% to 18.6% per annum). The fair values of the pledged securities as at 30 June 2023 was approximately HK\$305,062,000 (31 December 2022: HK\$385,673,000).

During the six months ended 30 June 2023, allowance for expected credit losses of approximately HK\$21,442,000 was recognised (for the six months ended 30 June 2022: HK\$38,750,000) in the condensed consolidated statement of profit or loss and other comprehensive income.

As at 30 June 2023, the Group has concentration risk on its accounts receivable as the balance with the largest client represent approximately 28% (31 December 2022: 28%) of the total accounts receivable from cash clients and margin clients. The Group has no other significant concentration risk.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 14 ACCOUNTS RECEIVABLE (continued)

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

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

	As at 30 June 2023 HK\$'000	As at 31 December 2022 HK\$'000
Neither past due nor impaired	29,759	46,510
Less than 31 days past due	290	39,724
31 – 60 days past due	176	270
61 – 90 days past due	340	–
Over 90 days past due	3,309	4,556
	<b>33,874</b>	91,060
Less: Allowance for expected credit losses	<b>(2,713)</b>	(2,713)
Total	<b>31,161</b>	88,347

The Group applies HKFRS 9 simplified approach to measure the expected credit losses for accounts receivable arising from the business of securities underwriting, advisory and asset management services. There were no allowance for expected credit losses recognised in the condensed consolidated statement of profit or loss and other comprehensive income during the six months ended 30 June 2023 and 2022. As at 30 June 2023 and 31 December 2022, allowance for expected credit losses amounted approximately HK\$2,713,000.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 15 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>As at 30 June 2023 HK\$'000</b>	As at 31 December 2022 HK\$'000
Listed, unlisted or quoted investments at fair value:		
Debt investments (Note)	<b>2,096,269</b>	2,716,439
Equity investments	<b>2,465,453</b>	3,341,962
	<b>4,561,722</b>	6,058,401

Note: The Group has further recognised expected credit losses amounted to approximately HK\$156,795,000 in the condensed consolidated statement of profit or loss and other comprehensive income during the period (for the six months ended 30 June 2022: HK\$270,939,000). As at 30 June 2023, allowance for expected credit losses amounted approximately HK\$602,547,000 (31 December 2022: HK\$446,184,000) has been included in fair value reserve (recycling).

## 16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>As at 30 June 2023 HK\$'000</b>	As at 31 December 2022 HK\$'000
Listed equity investments	<b>76,522</b>	68,207
Unlisted equity investments	<b>261,624</b>	259,277
Debt investments	<b>447,385</b>	1,516,117
Unlisted investment funds	<b>729,743</b>	772,478
	<b>1,515,274</b>	2,616,079

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 17 ACCOUNTS PAYABLE

	<b>As at 30 June 2023 HK\$'000</b>	As at 31 December 2022 HK\$'000
Accounts payable arising from the ordinary course of business of securities brokerage, futures and options dealing services:		
– Cash clients	<b>180,953</b>	227,276
– Margin clients	<b>42,095</b>	29,221
– Clearing houses	<b>5,523</b>	4,878
	<b>228,571</b>	261,375

### Accounts payable arising from the business of dealing in securities

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

## 18 LOANS FROM AN INTERMEDIATE HOLDING COMPANY

	<b>As at 30 June 2023 HK\$'000</b>	As at 31 December 2022 HK\$'000
Loans from an intermediate holding company	<b>2,563,859</b>	4,710,620
The carrying amounts of the above borrowings are repayable: Within one year	<b>2,563,859</b>	4,710,620

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 18 LOANS FROM AN INTERMEDIATE HOLDING COMPANY (continued)

As at 30 June 2023, the Group had loans amounting to approximately HK\$2,434,002,000 (31 December 2022: HK\$4,649,706,000) from CMBC International Holdings Limited ("CMBCI"), an intermediate holding company and interest payable amounting to approximately HK\$129,857,000 (31 December 2022: HK\$60,914,000). The loans are unsecured, bear interest at 4% per annum (31 December 2022: 2.5% per annum) and are repayable within one year (31 December 2022: within one year). The Group's undrawn amount of the loan facilities is approximately HK\$7,565,998,000 (31 December 2022: HK\$5,350,294,000).

## 19 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	<b>As at 30 June 2023 HK\$'000</b>	As at 31 December 2022 HK\$'000
Bonds	<b>3,075,626</b>	3,974,951

As at 30 June 2023, the Group entered into repurchase agreements with financial institutions to sell bonds recognised as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss with aggregate carrying amount of approximately HK\$3,941,700,000 (31 December 2022: HK\$4,912,061,000), which are subject to the simultaneous agreements to repurchase these investments at the agreed dates and prices.

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

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 20 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>As at 30 June 2023 HK\$'000</b>	As at 31 December 2022 HK\$'000
Payables to interest holder of unlisted consolidated investment fund, designated at FVTPL	<b>998</b>	1,362
Debt investments	<b>3,473</b>	13,509
	<b>4,471</b>	14,871

As at 30 June 2023, the Company held 66.6% (31 December 2022: 66.6%) interest of CMBCC Co-High Medical Investment Fund SP (the "Medical Fund"). As the Group has control over the Medical Fund, it is accounted for as a subsidiary. Accordingly, the interests of the non-controlling shareholder are classified as financial liabilities designated as at fair value through profit or loss of approximately HK\$998,000 as at 30 June 2023 (31 December 2022: HK\$1,362,000).

The balances of debt investments as at 30 June 2023 and 31 December 2022 represent the fair value of debt securities from short-selling activities.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 21 SHARE CAPITAL

Note	Number of shares		Amount	
	As at 30 June 2023 '000	As at 31 December 2022 '000	As at 30 June 2023 HK\$'000	As at 31 December 2022 HK\$'000
Authorised: Ordinary shares at HK\$0.4 each	2,500,000	2,500,000	1,000,000	1,000,000
Issued and fully paid: At the beginning of the period/year	1,123,665	1,174,467	449,466	469,786
Cancellation for shares repurchased (i)	(1,812)	(50,802)	(725)	(20,320)
At the end of the period/year	1,121,853	1,123,665	448,741	449,466

Note:

- (i) During the six months ended 30 June 2023, the Company repurchased an aggregate of 1,934,000 ordinary shares of the Company on market at prices ranging from HK\$1.24 to HK\$1.70 per share at a total consideration of approximately HK\$2,930,000 (before transaction costs). Of these repurchased shares, 1,007,000 shares were cancelled during the six months ended 30 June 2023. The premium of approximately HK\$2,108,000 paid on the repurchase of shares was debited to share premium account. Subsequent to end of the reporting period, the remaining 927,000 repurchased shares were cancelled on 18 August 2023.

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### Financial assets and liabilities measured at fair value on recurring basis

The following table provides an analysis of the Group's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable for the six months ended 30 June 2023:

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Financial assets and liabilities measured at fair value on recurring basis (continued)

	Fair value		Fair value hierarchy	Valuation techniques	Significant unobservable input
	30 June 2023 HK\$'000	31 December 2022 HK\$'000			
<b>Financial assets</b>					
Financial assets at fair value through profit or loss					
– Listed equity investments	53,038	68,207	Level 1	Quoted market closing prices in an active market	N/A
– Listed equity investments	23,484	–	Level 2	Quoted price from brokers/financial institutions	N/A
– Unlisted equity investments	261,624	259,277	Level 3	Recent transaction price/Trending on stock price movement/ Binomial model/ Equity allocation model	Discount rate for lack of marketability/ Stock price movement/ Scenario probability/ Sales multiples
– Debt investments	447,385	1,516,117	Level 2	Quoted price from brokers/financial institutions	N/A
– Unlisted investment funds	729,743	772,478	Level 3	Recent transaction price/Trending on stock price movement/ Binomial model/ Equity allocation model/Net asset value	Discount rate for lack of marketability/ Stock price movement/ Scenario probability/ Sales multiples/ Price-to-sales ratio

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Financial assets and liabilities measured at fair value on recurring basis (continued)

	Fair value		Fair value hierarchy	Valuation techniques	Significant unobservable input
	30 June 2023 HK\$'000	31 December 2022 HK\$'000			
<b>Financial assets (continued)</b>					
Financial assets at fair value through other comprehensive income					
– Debt investments	<b>2,033,116</b>	2,627,111	Level 2	Quoted price from brokers/financial institutions	N/A
– Debt investments	<b>63,153</b>	89,328	Level 3	Discounted cash flow model	Discount rate taking into account the credit risk of the issuer
– Equity investments	<b>2,441,088</b>	3,314,100	Level 2	Quoted price from brokers/financial institutions	N/A
– Equity investments	<b>24,365</b>	27,862	Level 1	Quoted market closing prices in an active market	N/A
<b>Financial liabilities</b>					
Financial liabilities at fair value through profit or loss					
– Payables to interest holders of unlisted consolidated investment funds, designated at FVTPL	<b>998</b>	1,362	Level 3	Net asset value	N/A
– Debt investments	<b>3,473</b>	13,509	Level 2	Quoted price from brokers/financial institutions	N/A

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

### Financial assets and liabilities measured at fair value on recurring basis (continued)

During the period ended 30 June 2022, certain debt investments were reclassified from level 2 to level 3 as the management considered that this should better reflect the value of those investments. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of that date of the event or change in circumstances that caused the transfer.

During the periods under review, there were no other transfers among Level 1, Level 2 and Level 3.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

### Financial assets and liabilities measured at fair value on recurring basis (continued)

The movements during the six months ended 30 June 2023 and the year ended 31 December 2022 in the balance of these Level 3 fair value measurements are as follows:

	As at 30 June 2023 HK\$'000	As at 31 December 2022 HK\$'000
<b>Financial assets at fair value through profit or loss</b>		
<b><i>Unlisted equity investments:</i></b>		
At the beginning of the period/year	259,277	413,105
Payment for purchase	–	23,241
Proceed from disposal	–	(88,525)
Changes in fair value recognised in profit or loss during the period/year	1,186	(88,827)
Exchange gain recognised in profit or loss during the period/year	1,161	283
At the end of the period/year	261,624	259,277
<b><i>Unlisted investment funds:</i></b>		
At the beginning of the period/year	772,478	852,198
Payment for purchase	–	42,065
Repayment	–	(76,231)
Changes in fair value recognised in profit or loss during the period/year	(46,151)	(46,257)
Exchange gain recognised in profit or loss during the period/year	3,416	703
At the end of the period/year	729,743	772,478
<b>Financial assets at fair value through other comprehensive income</b>		
<b><i>Debt investments:</i></b>		
At the beginning of the period/year	89,328	–
Transfer from level 2 to level 3	–	100,762
Changes in fair value recognised in other comprehensive loss during the period/year	(26,175)	(11,434)
At the end of the period/year	63,153	89,328

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Financial assets and liabilities measured at fair value on recurring basis (continued)

	<b>As at 30 June 2023 HK\$'000</b>	As at 31 December 2022 HK\$'000
<b>Financial liabilities at fair value through profit or loss</b>		
Payables to interest holders of unlisted consolidated investment funds, designated at FVTPL:		
At the beginning of the period/year	<b>1,362</b>	244
Proceed from subscription	-	1,060
Changes in fair value recognised in profit or loss during the period/year	<b>(364)</b>	58
At the end of the period/year	<b>998</b>	1,362

### Fair value measurements and valuation processes

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market closing prices. The fair value of financial assets that are not traded in active liquid markets are determined using appropriate valuation techniques and inputs. The appropriateness of the valuation techniques and inputs to the fair value measurements are reviewed by the Directors periodically.

### Fair value of financial assets and liabilities that are not measured at fair value

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recognised at amortised cost approximate their fair values as at 30 June 2023 and 31 December 2022.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 23 RELATED PARTY TRANSACTIONS

The Group had the following related party transactions for the six months ended 30 June 2023 and 2022:

### (a) Compensation of key management personnel of the Group

	Six months ended	
	30 June 2023 HK\$'000	30 June 2022 HK\$'000
Short-term employee benefits	2,130	9,478
Post-employment benefits	9	27
<b>Total compensation to key management personnel</b>	<b>2,139</b>	<b>9,505</b>

### (b) Material transaction with related parties

Apart from transactions disclosed in other notes of the condensed consolidated financial statements, during the period ended 30 June 2023, the Group had the following material transactions with related parties.

	Six months ended	
	30 June 2023 HK\$'000	30 June 2022 HK\$'000
Interest expense to an intermediate holding company (Note (ii))	68,735	73,524
Interest income from a branch of the ultimate holding company	2,201	–
Distribution fee to a branch of the ultimate holding company (Note (iii))	–	52
Asset management fee and investment advisory services fee income from an intermediate holding company and segregated portfolios invested by an intermediate holding company and the ultimate holding company (Note (iii))	68,352	46,083
Performance fee income from a segregated portfolio invested by an intermediate holding company (Note (iii))	2,267	12,693
Office sharing fee income from an intermediate holding company	4,440	4,440

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 23 RELATED PARTY TRANSACTIONS (continued)

### (b) Material transaction with related parties (continued)

Notes:

- (i) At 30 June 2023, an intermediate holding company provided loans in an aggregate amount of approximately HK\$2,434,002,000 (31 December 2022: HK\$4,649,706,000) to the Group. The loans bear annual interest rate of 4% (31 December 2022: 2.5%) and repayable within one year (31 December 2022: within one year). Interest payable of approximately HK\$129,857,000 (31 December 2022: HK\$60,914,000) has been accrued from the loans as at 30 June 2023.
- (ii) During the period ended 30 June 2022, the Group accrued distribution fee for the distribution services provided by a branch of the ultimate holding company.
- (iii) During the periods, the Group earned asset management fee and investment advisory services fee income for services provided to an intermediate holding company and segregated portfolios invested by an intermediate holding company and the ultimate holding company, and earned performance fee income for the asset management services provided to a segregated portfolio invested by an intermediate holding company.

All related party transactions referred to in Note 23(b) constitute connected transactions or continuing connected transactions defined in Chapter 14A of the Listing Rules ("Chapter 14A"). The Company has complied with the provisions of Chapter 14A for the periods ended 30 June 2023 and 2022.

### (c) Material balances with related parties

	As at 30 June 2023 HK\$'000	As at 31 December 2022 HK\$'000
Bank balances at a branch of the ultimate holding company		
– House accounts	34,659	51,977
– Segregated accounts	113,231	196,004
Accounts receivable from an intermediate holding company	24,727	69,950
Accounts receivable from segregated portfolio invested by an intermediate holding company and the ultimate holding company	1,240	17,398
Amount due to an intermediate holding company	46,158	55,459
Loans from an intermediate holding company	2,563,859	4,710,620
Accounts payable to the immediate holding company	2,937	2,937
Accounts payable to an intermediate holding company	111,468	92,881
Accounts payable to segregated portfolio invested by an intermediate holding company	3,417	3,402

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 23 RELATED PARTY TRANSACTIONS (continued)

### (d) Service agreements with related parties

On 31 May 2019, the Company entered into the office sharing agreement with CMBCI, pursuant to which the Company agreed to grant CMBCI the non-exclusive right to use certain area of the office space in consideration of the sharing fees payable by CMBCI. On 31 December 2019 and 9 December 2022, the Company entered into the renewed office sharing agreements with CMBCI to renew the office sharing agreement.

On 16 December 2021, the Company (for itself and on behalf of other members of the Group) entered into the service agreement with China Minsheng Bank (for itself and on behalf of other members of China Minsheng Bank Group), pursuant to which, (i) China Minsheng Bank Group agreed to provide China Minsheng Bank underwriting referral services to the Group and the Group agreed to provide China Minsheng Bank subscription referral services to China Minsheng Bank Group; (ii) the Group agreed to provide asset management services, investment advisory service and ancillary services to the China Minsheng Bank Group, its associates or any third parties who are deemed to be connected with the Company under the Listing Rules and China Minsheng Bank Group agreed to provide the distribution services to the Group; (iii) the Group agreed to provide the underwriting services to China Minsheng Bank Group; (iv) China Minsheng Bank Group agreed to provide the custodian services to the Group; and (v) China Minsheng Bank Group agreed to provide the deposit services to the Group. The service agreement and the transactions contemplated thereunder, and the proposed annual caps were approved at the special general meeting on 12 January 2022.

During the period ended 30 June 2023, there were transactions relating to provision of asset management and investment advisory services, provision of deposit services and office sharing (2022: transactions relating to provision of distribution services, provision of asset management and investment advisory services, provision of deposit services and office sharing).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 24 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

	As at 30 June 2023 HK\$'000	As at 31 December 2022 HK\$'000
Unlisted investment funds	729,743	772,478

The Group has concluded that the unlisted investment funds in which it invests, but that it does not consolidate meets the definition of structured entities because:

- the voting rights in the funds are not dominant rights in deciding who controls them as they relate to administrative tasks only;
- each fund's activities are restricted by its articles of associations; and/or
- the funds have narrow and well defined objectives to provide investment opportunities to investors.

The table below describes the type of structured entity that the Group does not consolidate but in which it holds an interest:

Type of structured entity	Nature and purpose	Interest held by the Group
Unlisted investment funds	To manage assets on behalf of third party investors	Acting as limited partner

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 24 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES (continued)

The table below sets out interests held by the Group in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held.

	30 June 2023	
	Number of investment funds	Carrying amount included in financial assets at fair value through profit or loss HK\$'000
Unlisted investment funds	7	729,743

	31 December 2022	
	Number of investment funds	Carrying amount included in financial assets at fair value through profit or loss HK\$'000
Unlisted investment funds	7	772,478

During the six months ended 30 June 2023 and the year ended 31 December 2022, the Group did not provide financial support to the unconsolidated structured entities and has no intention of providing financial or other support.

## 25 IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The immediate parent and ultimate controlling party are CMBC International Investment Limited, which is incorporated in British Virgin Islands and China Minsheng Banking Corp., Ltd. which is incorporated in People's Republic of China, respectively.