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CHINA RENAISSANCE HOLDINGS LIMITED

華興資本控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1911)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

China Renaissance Holdings Limited (the “**Company**”) refers to its preliminary announcement of results dated August 31, 2023 (the “**Preliminary Interim Results Announcement**”) in respect of, among other things, the unaudited consolidated results of the Group for the six months ended June 30, 2023 (the “**2023 Interim Results**”). Unless otherwise stated, terms defined in the Preliminary Interim Results Announcement have the same meanings when used in this announcement.

The auditing process for the annual results for the year ended December 31, 2022 (the “**2022 Annual Results**”) had not been completed as at the date of publication of Preliminary Interim Results Announcement. Since subsequent adjustments were made to the 2022 Annual Results upon completion of the audit, corresponding adjustments are therefore made to the 2023 Interim Results to reflect such changes and also the changes in opening balances of the 2023 Interim Results.

The restated financial information for the 2023 Interim Results is attached to this announcement. These interim results are unaudited, but have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2023

	<i>Notes</i>	Six months ended June 30, 2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Revenue	3		
Transaction and advisory fees		153,175	280,931
Management fees		239,380	267,133
Interest income		49,802	22,889
Income from carried interest		94,218	32,752
		<hr/>	<hr/>
Total revenue		536,575	603,705
Net investment gains (losses)	4	47,831	(91,418)
		<hr/>	<hr/>
Total revenue and net investment gains or losses		584,406	512,287
		<hr/>	<hr/>
Compensation and benefit expenses		(320,403)	(379,459)
Carried interest to management team and other parties		(69,149)	(18,335)
Investment losses attributable to interest holders of consolidated structured entities		14,434	21,141
Impairment loss under expected credit loss model, net of reversal	18	33,583	(7,130)
Finance costs		(41,501)	(43,005)
Other operating expenses		(168,923)	(158,835)
		<hr/>	<hr/>
Total operating expenses		(551,959)	(585,623)
		<hr/>	<hr/>
Operating profit (loss)		32,447	(73,336)
		<hr/>	<hr/>
Other income, gains or losses	5	7,920	(5,384)
Investment loss arising from certain incidental and ancillary investments	6	—	(30,201)
Share of results of associates		430	(2,295)
Share of results of a joint venture		—	(4,233)
Change in fair value of call option	12	(152,990)	1,490
		<hr/>	<hr/>
Loss before tax		(112,193)	(113,959)
Income tax expense	7	(50,980)	(84,079)
		<hr/>	<hr/>
Loss for the period	8	(163,173)	(198,038)
		<hr/> <hr/>	<hr/> <hr/>

	<i>Notes</i>	Six months ended June 30,	
		2023	2022
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		353,838	418,561
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(245,991)	(270,575)
Fair value loss on debt instruments measured at fair value through other comprehensive income		(329)	(283)
Reclassification adjustment to profit or loss on disposal of debt instruments measured at fair value through other comprehensive income		430	—
Impairment loss for debt instruments at fair value through other comprehensive income included in profit or loss, net of reversal		(22)	(20)
Income tax that may be reclassified subsequently to profit or loss		88	76
		<hr/>	<hr/>
Other comprehensive income for the period, net of tax		108,014	147,759
		<hr/>	<hr/>
Total comprehensive expense for the period		(55,159)	(50,279)
		<hr/> <hr/>	<hr/> <hr/>
(Loss) profit for the period attributable to:			
— Owners of the Company		(180,132)	(153,735)
— Non-controlling interests		16,959	(44,303)
		<hr/>	<hr/>
		(163,173)	(198,038)
		<hr/>	<hr/>
Total comprehensive (expense) income for the period attributable to:			
— Owners of the Company		(72,544)	(7,047)
— Non-controlling interests		17,385	(43,232)
		<hr/>	<hr/>
		(55,159)	(50,279)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share			
Basic and diluted loss per share	<i>10</i>	RMB(0.36)	RMB(0.30)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	<i>Notes</i>	June 30, 2023	December 31, 2022
		RMB'000	RMB'000
		(unaudited)	(audited)
Non-current assets			
Property and equipment		97,056	129,067
Intangible assets		108,829	119,031
Deferred tax assets		152,436	160,960
Investments in associates	<i>11</i>	1,348,150	1,417,957
Financial assets at fair value through profit or loss	<i>12</i>	1,966,075	2,049,359
Financial assets at fair value through other comprehensive income	<i>13</i>	71,425	111,908
Rental deposits		18,575	18,868
Loans to third parties	<i>14</i>	81,186	86,574
		3,843,732	4,093,724
Current assets			
Accounts and other receivables	<i>15</i>	454,924	1,252,730
Financial assets purchased under resale agreements	<i>16</i>	—	4,715
Loans to third parties	<i>14</i>	27,755	—
Amounts due from related parties	<i>17</i>	902,639	1,330,377
Financial assets at fair value through profit or loss	<i>12</i>	3,145,196	3,315,794
Financial assets at fair value through other comprehensive income	<i>13</i>	72,289	245,764
Term deposits		—	500,207
Pledged bank deposits		—	58,350
Cash held on behalf of brokerage clients		608,059	738,166
Cash and cash equivalents		1,083,185	1,537,730
		6,294,047	8,983,833
TOTAL ASSETS		10,137,779	13,077,557

	<i>Notes</i>	June 30, 2023 RMB'000 (unaudited)	December 31, 2022 RMB'000 (audited)
Current liabilities			
Accounts and other payables	19	730,461	1,718,928
Financial assets sold under repurchase agreements	20	398,155	150,065
Short-term debt instrument issued	21	223,479	236,648
Payable to brokerage clients		608,059	738,166
Payables to interest holders of consolidated structured entities		194,706	223,046
Amounts due to related parties		2,092	1,728
Contract liabilities		133,292	23,745
Bank borrowings	22	78,964	611,927
Lease liabilities		46,035	55,366
Income tax payables		104,277	133,587
		<u>2,519,520</u>	<u>3,893,206</u>
Net current assets		<u>3,774,527</u>	<u>5,090,627</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,618,259</u>	<u>9,184,351</u>
Non-current liabilities			
Lease liabilities		35,715	54,460
Bank borrowings	22	—	1,512,566
Contract liabilities		3,164	5,916
Deferred tax liabilities		57,729	72,129
		<u>96,608</u>	<u>1,645,071</u>
NET ASSETS		<u>7,521,651</u>	<u>7,539,280</u>
Capital and reserves			
Share capital	23	93	93
Reserves		6,470,133	6,501,397
Equity attributable to owners of the Company		<u>6,470,226</u>	<u>6,501,490</u>
Non-controlling interests		<u>1,051,425</u>	<u>1,037,790</u>
		<u>7,521,651</u>	<u>7,539,280</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2023

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

Application of amendments to IFRSs

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

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

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

3. REVENUE AND SEGMENT INFORMATION

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

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

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

Segment revenue and results

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

	Six months ended June 30, 2023 (unaudited)				Total consolidated RMB'000
	Investment banking RMB'000	Investment management RMB'000	CR Securities RMB'000	Others RMB'000	
Transaction and advisory fees	112,505	—	40,670	—	153,175
Management fees	—	227,544	—	11,836	239,380
Interest income	—	14,690	6,676	28,436	49,802
Income from carried interest	—	94,218	—	—	94,218
Total revenue	112,505	336,452	47,346	40,272	536,575
Net investment gains (losses)	265	(29,984)	72,339	5,211	47,831
Total revenue and net investment gains or losses	112,770	306,468	119,685	45,483	584,406
Compensation and benefit expenses	(108,991)	(62,702)	(105,536)	(43,174)	(320,403)
Carried interest to management team and other parties	—	(69,149)	—	—	(69,149)
Investment losses attributable to interest holders of consolidated structured entities	—	14,434	—	—	14,434
Impairment loss under expected credit loss model, net of reversal	29,386	5	869	3,323	33,583
Finance costs	—	(10,313)	(8,602)	(22,586)	(41,501)
Other operating expenses	(60,789)	(52,496)	(48,281)	(7,357)	(168,923)
Operating (loss) profit	(27,624)	126,247	(41,865)	(24,311)	32,447
Other income, gains or losses					7,920
Share of results of associates					430
Change in fair value of call option					(152,990)
Loss before tax					(112,193)
Income tax expense					(50,980)
Loss for the period					(163,173)

	Six months ended June 30, 2022 (unaudited)				Total consolidated RMB'000
	Investment banking RMB'000	Investment management RMB'000	CR Securities RMB'000	Others RMB'000	
Transaction and advisory fees	231,250	—	49,681	—	280,931
Management fees	—	251,002	—	16,131	267,133
Interest income	—	6,332	10,052	6,505	22,889
Income from carried interest	—	32,752	—	—	32,752
Total revenue	231,250	290,086	59,733	22,636	603,705
Net investment gains (losses)	1,361	(102,000)	(21,984)	31,205	(91,418)
Total revenue and net investment gains or losses	232,611	188,086	37,749	53,841	512,287
Compensation and benefit expenses	(176,406)	(54,588)	(103,993)	(44,472)	(379,459)
Carried interest to management team and other parties	—	(18,335)	—	—	(18,335)
Investment losses (gains) attributable to interest holders of consolidated structured entities	—	21,263	(122)	—	21,141
Impairment loss under expected credit loss model, net of reversal	—	(7,179)	20	29	(7,130)
Finance costs	—	(9,181)	(11,623)	(22,201)	(43,005)
Other operating expenses	(57,888)	(44,668)	(29,920)	(26,359)	(158,835)
Operating loss	(1,683)	75,398	(107,889)	(39,162)	(73,336)
Other income, gains or losses					(5,384)
Investment loss arising from certain incidental and ancillary investments					(30,201)
Share of results of associates					(2,295)
Share of results of a joint venture					(4,233)
Change in fair value of call option					1,490
Loss before tax					(113,959)
Income tax expense					(84,079)
Loss for the period					<u>(198,038)</u>

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

Note:

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

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

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

Segment assets and liabilities

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

Geographical information

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

	Revenue from external customers		Non-current assets <i>(note)</i>	
	Six months ended June 30,		At	At
	2023	2022	June 30,	December 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(audited)
Mainland China	443,532	461,461	199,067	233,128
Hong Kong	83,104	121,859	20,510	25,765
USA	9,939	20,385	592	2,558
	<u>536,575</u>	<u>603,705</u>	<u>220,169</u>	<u>261,451</u>

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

Timing of revenue recognition for revenue from contract of customers

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

4. NET INVESTMENT GAINS (LOSSES)

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

Note:

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

5. OTHER INCOME, GAINS OR LOSSES

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

Note:

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

6. INVESTMENT LOSS ARISING FROM CERTAIN INCIDENTAL AND ANCILLARY INVESTMENTS

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

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

7. INCOME TAX EXPENSE

	Six months ended June 30,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current tax		
Mainland China	54,876	11,255
Hong Kong	1,475	—
	<u>56,351</u>	<u>11,255</u>
Deferred tax	(5,371)	72,824
Total income tax expense	<u>50,980</u>	<u>84,079</u>

8. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

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

9. DIVIDENDS

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

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

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

10. LOSS PER SHARE

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

	Six months ended June 30,	
	2023	2022
	(unaudited)	(unaudited)
Loss for the purpose of basic and diluted loss per share		
Loss for the period attributable to owners of the Company (RMB'000)	<u>(180,132)</u>	<u>(153,735)</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and dilutive loss per share	<u>502,642,560</u>	<u>507,132,222</u>
Basic and dilutive loss per share (RMB)	<u>(0.36)</u>	<u>(0.30)</u>

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

11. INVESTMENTS IN ASSOCIATES

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

(a) Investments in unlisted companies

	As at June 30, 2023 <i>RMB'000</i> (unaudited)	As at December 31, 2022 <i>RMB'000</i> (audited)
Cost of unlisted investments in associates	64,377	63,976
Share of post-acquisition profit or loss and other comprehensive expense	(11,805)	(11,952)
Impairment loss	(39,026)	(39,721)
Exchange adjustments	738	1,050
	14,284	13,353

(b) Investments in funds

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

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

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

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

Note iii: The Group invested in financial bonds with fixed interest rates ranging from 0.10% to 5.08% as at June 30, 2023 (December 31, 2022: from 0.10% to 5.08%) and can be traded in the public bonds market at any time and settled at the prevailing market prices. As these financial bonds held by the Group were managed within a business model whose objective is to sell the debt instruments, they were subsequently measured at FVTPL.

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

- Note v:* These investments represent equity investments in listed companies, and subsequent fair value change of the investments are recorded in the net investment gains (losses) in the condensed consolidated statement of profit or loss and other comprehensive income.
- Note vi:* The Group invested in convertible notes with fixed interest rates of 10.00% (December 31, 2022: 10.00%) and with terms of within one year, which may be extended by the investee pursuant to its terms. The Group had conversion right to convert notes into equity shares of investee before the maturity date. On February 13, 2023, the final repayment date was extended by the investee to April 11, 2024 pursuant to its terms. In 2024, the Group and other lenders of the syndicated convertible note facility entered into a standstill agreement with the investee for a period ending October 11, 2024, whereby the lenders agreed not to make any claim, enforcement action or proceeding against the investee, whilst the investee explored other refinancing opportunities. The Group has the right to terminate the standstill agreement early.
- Note vii:* The fair values of the unlisted investment funds are mainly based on the net asset values of the investment funds reported to the limited partners by the general partners at the end of the reporting period. The fair value changes are recorded in the net investment gains (losses) in the condensed consolidated statement of profit or loss and other comprehensive income.
- Note viii:* These investments represent investments in the preferred shares of unlisted companies. The subsequent fair value change of the investments are recorded in the investment loss arising from certain incidental and ancillary investments in the condensed consolidated statement of profit or loss and other comprehensive income.
- Note ix:* These investments represent equity investments in the unlisted companies, and subsequent fair value change of the investments are recorded in the investment loss arising from certain incidental and ancillary investments in the condensed consolidated statement of profit or loss and other comprehensive income.
- Note x:* The Group holds a call option to obtain any non-controlling interests from the non-controlling shareholder of a subsidiary of the Group, China Renaissance Securities (China) Co. Ltd. (“**China Renaissance Securities**”), at the book value of the non-controlling interests exercisable at any time after its establishment. The fair value as at June 30, 2023 amounted to RMB283,090,000 (December 31, 2022: RMB436,080,000). The call option is not traded in an active market and the respective fair value is determined by using valuation technique. The fair values has been determined in accordance with Black Scholes model based on fair value of underlying net assets of China Renaissance Securities and the estimate of the exercisability of the call option.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

The total cost of the financial bonds as at June 30, 2023 was RMB139,806,000 (December 31, 2022: RMB348,971,000) and the fair value as at June 30, 2023 was RMB143,714,000 (December 31, 2022: RMB357,672,000) and with changes in fair value recorded in fair value loss on debt

instruments measured at fair value through other comprehensive expense. The accumulated expected credit losses of financial bonds amounting to RMB14,000 as at June 30, 2023 (December 31, 2022: RMB36,000) was recognised in other reserves.

14. LOANS TO THIRD PARTIES

	As at June 30, 2023 <i>RMB'000</i> (unaudited)	As at December 31, 2022 <i>RMB'000</i> (audited)
Wallaby Medical Holding, Inc. (“ Wallaby ”) (<i>note a</i>)	198,733	192,717
Zhejiang Shengze Credit Management Co., Ltd (“ Shengze ”) (<i>note b</i>)	27,772	—
Song Huanping (“ Song ”) (<i>note c</i>)	—	11,418
Less: Impairment loss allowance	(117,564)	(117,561)
	108,941	86,574
Less: non-current portion	(81,186)	(86,574)
	27,755	—

Notes:

- (a) In March 2022, the Group entered into agreement with Wallaby, a third party. A loan amounting to US\$24,935,000 (equivalent to approximately RMB173,662,000) as at December 31, 2022 was made to Wallaby. The loan will be repaid on the second anniversary of the loan origination, which could be extended for 12 months by Wallaby pursuant to its terms. The interest rates from first year to third year were 8%, 8.5% and 9.5% per annum, respectively, plus 7% compound interest per annum. In February 2024, the maturity date of the loan was extended by Wallaby for 12 months to April 2025 pursuant to its terms. There was evidence indicating the asset is credit-impaired. As of June 30, 2023, impairment allowance of RMB117,548,000 was made on credit-impaired debtor.
- (b) In February 2023, the Group entered into agreement with Shengze, a third party. A loan amounting to RMB27,000,000 with an interest rate of 12% was made to Shengze as at June 30, 2023. The loan will be repaid in instalments within one year. The loan was secured by a pledge over the equity interest held by Shengze and was guaranteed by Shengze’s parent company.
- (c) In January 2022, the Group entered into agreement with Song, a third-party individual. A loan amounting to RMB10,000,000 with an interest rate of 15% was made to Song. The loan will be repaid on the fourth anniversary of the loan origination. The loan was guaranteed by a third-party company and was secured by a pledge over the restricted shares of a third party company. The loan was early repaid with an interest rate of 7.5% as at June 30, 2023.

15. ACCOUNTS AND OTHER RECEIVABLES

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

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

Aging of accounts receivable (net of impairment loss allowance)

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

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

16. FINANCIAL ASSETS PURCHASED UNDER RESALE AGREEMENTS

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

17. AMOUNTS DUE FROM RELATED PARTIES

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

Amounts due from related parties — trade nature

	As at June 30, 2023 RMB'000 (unaudited)	As at December 31, 2022 RMB'000 (audited)
Wuxi Jiangyin Huaxing Lingjie Equity Investment Partnership (Limited Partnership) (“HGC RMB Fund IV”)	880,843	1,076,392
Shenzhen Huasheng Lingxiang Equity Investment Partnership (Limited Partnership)	44,331	44,331
Huaxing Capital Partners II, L.P.	23,976	36,260
CR Life Star Fund LLC	9,375	6,235
Huaxing Growth Capital IV, L.P.	8,715	20,425
Shenzhen Huasheng Lingfeng Equity Investment Partnership (Limited Partnership)	8,250	—
Huaxing Yihui LLC	4,840	3,742
Huaxing Capital Partners, L.P.	4,755	3,861
CR HB XI Venture Feeder, LP	910	585
HX Pioneer Selection Limited	795	1,231
Huaxing Yichong LLC	777	599
HX Quality Selection Limited	578	488
HX Premium Selection Limited	506	469
HX Advanced Selection Limited	179	625
Shanghai Huasheng Lingjin Equity Investment Partnership (Limited Partnership)	94	245
Huaxing IV Colt, Ltd.	1	1,290
Huajie (Tianjin) Medical Investment Partnership (Limited Partnership)	—	217,243
Tianjin Huajie Haihe Health Investment Partnership (Limited Partnership)	—	2,954
Shanghai Huasheng Lingshi Venture Investment Partnership (Limited Partnership)	—	12
Less: Impairment loss allowance	<u>(92,430)</u>	<u>(92,206)</u>
	<u>896,495</u>	<u>1,324,781</u>

These are funds managed by the Group in which the Group has significant influence. The trade balance represents (1) the fee and carried interest receivable of gross carrying amount of RMB108,082,000 in relation to the fund management service provided by the Group, which is non-interest bearing; and (2) the receivable of gross carrying amount of RMB880,843,000 in relation to investment portfolio transferred by the Group to HGC RMB Fund IV (note 4).

For amounts due from related parties of trade nature, the Group has applied the simplified approach to measure the loss allowance at lifetime expected credit loss (“ECL”). The Group determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Impairment allowance of RMB2,358,000 were made based on the Group’s provision matrix within lifetime ECL (not credit-impaired) as of June 30, 2023. For debtors with credit-impaired, the Group assesses individually. As of June 30, 2023, gross carrying amounts of RMB880,843,000 were credit-impaired. Impairment allowance of RMB90,072,000 were made on credit-impaired debtors.

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

	As at June 30, 2023 RMB’000 (unaudited)	As at December 31, 2022 RMB’000 (audited)
0–30 days	15,178	274,438
31–60 days	—	3,991
61–90 days	1,643	4,380
91–180 days	32,487	16,387
181–360 days	838,811	1,001,429
>1 year	8,376	24,156
	<u>896,495</u>	<u>1,324,781</u>

Amounts due from related parties — non-trade nature

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

Notes:

- i. Funds managed by the Group in which the Group has significant influence and the balances are unsecured, interest free and repayable on demand.
- ii. Entities controlled by shareholders of the Company. The balance represents amount due from the entity in relation to certain investments disposed of by the Group.

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

	Six months ended June 30,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Impairment loss (reversed) recognized in respect of		
Accounts and other receivables	(33,841)	(87)
Loans to third parties	(8)	5,056
Amounts due from related parties	288	2,181
Financial assets at FVTOCI	(22)	(20)
	<u>(33,583)</u>	<u>7,130</u>

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

19. ACCOUNTS AND OTHER PAYABLES

	As at	As at
	June 30, 2023	December 31, 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Salaries, bonus and other benefit payables	268,080	385,574
Open trade payable (<i>note a</i>)	257,543	979,576
Other payables	52,576	50,841
Consultancy fee payables	29,011	20,626
Carried interests to management team and other parties (<i>note b</i>)	91,235	238,122
Other tax payables	22,554	11,826
Accrued expenses	9,462	21,949
Dividend payable	—	10,414
	<u>730,461</u>	<u>1,718,928</u>

Notes:

- (a) No aging analysis is disclosed. In the opinion of the directors of the Company, the aging analysis does not give additional value to the readers of these condensed consolidated financial statements in view of the nature of these business.

- (b) During the year ended December 31, 2022, the Group received shares of listed equity securities as carried interests income, and the portion of carried interests to management team and other parties will be settled in cash after corresponding listed equity securities are disposed of by the Group. Accordingly, this carried interests payable to management team and other parties is measured at fair value according to the share price of listed equity securities. As of June 30, 2023, carried interests to management team and other parties measured at fair value is RMB nil (December 31, 2022: RMB31,158,000).

20. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

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

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

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

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

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

21. SHORT-TERM DEBT INSTRUMENT ISSUED

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

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

22. BANK BORROWINGS

During the current interim period, the Group obtained new bank loans amounting to RMB67,880,000 (six months ended June 30, 2022: RMB169,740,000) and repaid bank loans amounting to RMB2,170,579,000 (six months ended June 30, 2022: RMB166,375,000). The loans carry interest at fixed market rates per annum ranging from 4.35 % to 4.50% (December 31, 2022: 4.15% to 5.00%). The loans are repayable in instalments within one year. The proceeds were used for daily operation for the Group.

23. SHARE CAPITAL

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

MAJOR DIFFERENCES BETWEEN PRELIMINARY INTERIM RESULTS ANNOUNCEMENT AND THIS ANNOUNCEMENT

Set forth below are principal details and reasons for the major differences in such financial information.

(i) Consolidated Statement of Financial Position

	Disclosure in this announcement			Disclosure in Preliminary Interim Results Announcement			Difference	Notes
	As at June 30, 2023			As at June 30, 2023				
	Current	Non-current	Total	Current	Non-current	Total		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
Loans to third parties	27,755	81,186	108,941	—	226,366	226,366	(117,425)	(a)
Amounts due from related parties	902,639	—	902,639	674,560	—	674,560	228,079	(b)
Deferred tax assets	—	152,436	152,436	—	219,624	219,624	(67,188)	(d)
Accounts and other payables	(730,461)	—	(730,461)	(804,434)	—	(804,434)	73,973	(c)
Income tax payables	(104,277)	—	(104,277)	(90,880)	—	(90,880)	(13,397)	(d)

(ii) Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Disclosure in this announcement		Disclosure in Preliminary Interim Results Announcement		Difference	Notes
	For the six months ended		For the six months ended			
	June 30, 2023		June 30, 2023			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Interest income		49,802		76,528	(26,726)	(b)
Impairment losses under expected credit loss model, net of reversal		33,583		37,835	(4,252)	(b)
Income tax expense		(50,980)		(52,043)	1,063	(d)

Notes:

- (a) The difference in loans to third parties was due to the update in the impairment assessment for loans to third parties and the extension of the maturity date of the loan. Further information regarding the impairment allowance is included in Note (a) to Note 14 to the consolidated financial statements above. Evidence indicating that the asset is credit-impaired arose after the publication of the Preliminary Interim Results Announcement.
- (b) The differences in the amounts due from related parties and interest income were due to the update in the impairment assessment for amounts due from related parties. The impairment loss allowance included in Note 17 to the consolidated financial statements above was reduced due to the settlement arrangement with Huaxing Growth Capital RMB Fund IV disclosed in the Company's announcement dated March 11, 2024.
- (c) The difference in the accounts and other payables was due to the update to the provision of bonus expenses.

- (d) The differences in the deferred tax assets, income tax payables and income tax expense were mainly due to the corresponding tax effect arising from the adjustments to the impairment losses for amounts due from related parties and provision for the bonus expenses.

Save as disclosed in this announcement and the corresponding adjustments in total, percentages, ratios and comparative figures related to the above material differences, all other information contained in the Preliminary Interim Results Announcement had no material changes.

PUBLICATION OF 2023 INTERIM REPORT

The interim report of the Company for the six months ended June 30, 2023 will be published on the websites of the Stock Exchange and the Company, and will be despatched to the Shareholders in due course.

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

Hong Kong, September 5, 2024

As at the date of this announcement, the Board comprises Mr. Xie Yi Jing as Chairman and Executive Director, Mr. Lam Ka Cheong Jason, Mr. Du Yongbo and Mr. Wang Lixing as Executive Directors, Mr. Lin Ning David and Ms. Sun Chin Hung as Non-executive Directors, and Ms. Yao Jue, Mr. Ye Junying and Mr. Zhao Yue as Independent Non-executive Directors.