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CHINA RENAISSANCE HOLDINGS LIMITED

華興資本控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1911)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2021

HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Renaissance Holdings Limited (the “**Company**” or “**China Renaissance**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) is pleased to announce the unaudited consolidated results of the Group for the six months ended June 30, 2021 (the “**Reporting Period**”). These interim results are unaudited, but have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

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

FINANCIAL HIGHLIGHTS

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

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

	For the six months ended	
	June 30,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Total revenue	1,047,963	539,637
Total revenue and net investment gains	2,458,321	1,167,430
Total operating expenses	(1,053,362)	(699,554)
Operating profit	1,404,959	467,876
Profit before tax	1,432,349	473,409
Income tax expenses	(155,722)	(44,438)
Profit for the period	1,276,627	428,971
Profit for the period attributable to owners of the Company	1,228,474	407,357
Annualized return on average equity	38.4%	15.3%

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

	For the six months ended June 30,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period attributable to owners of the Company	1,228,474	407,357
Add:		
Share-based payment expenses	30,140	35,516
Change in fair value of call option	7,570	—
Subtotal before adjustments relating to carried interest	1,266,184	442,873
Add:		
Unrealized net carried interest ⁽¹⁾	285,993	184,093
Non-IFRS Measure: Adjusted net profit attributable to owners of the Company (unaudited) ⁽²⁾	1,552,177	626,966

Notes:

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

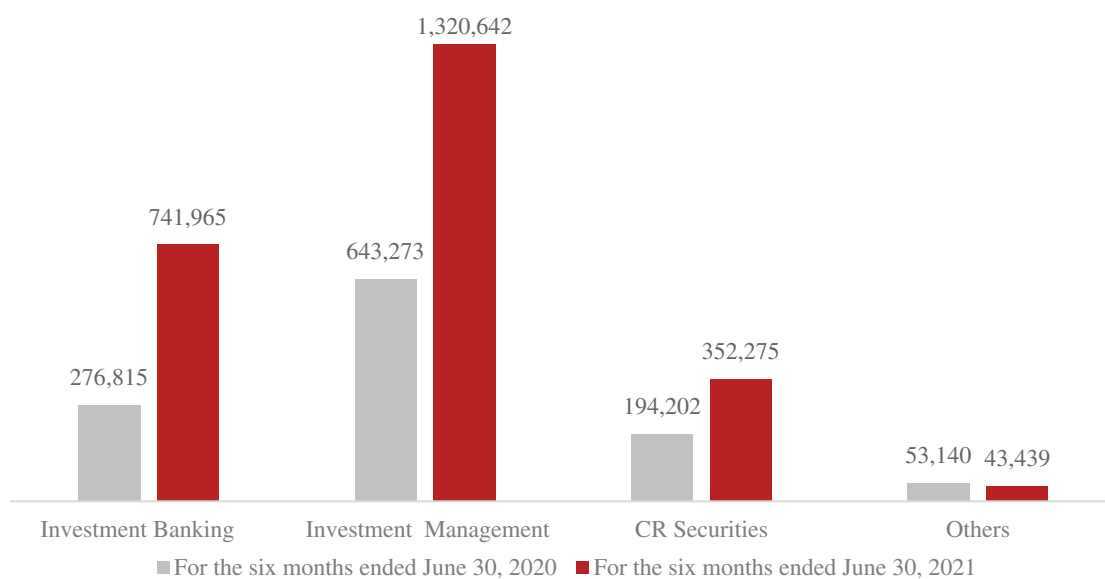
	For the six months ended June 30,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Unrealized income from carried interest	1,198,249	808,574
Carried interest to management team and other parties	(912,256)	(624,481)
Unrealized net carried interest	285,993	184,093

The unrealized income from carried interest is based on the underlying fair value change of the respective funds under our investment management business. The unrealized income from carried interest is allocated to us based on the cumulative fund performance to date, subject to the achievement of minimum return levels to limited partners. At the end of each reporting period, we calculate the unrealized income from carried interest that would be due to us for each fund, pursuant to the relevant fund agreements, as if the fair value of the underlying investments were realized as of such date, irrespective of whether such amounts have been realized. As the fair value of underlying investments varies among reporting periods, it is necessary to make adjustments to amounts presented as unrealized income from carried interest. Such adjustments may, in certain circumstances, reverse the unrealized income from carried interest reported in the prior period due to fluctuations in the value of the underlying investments.

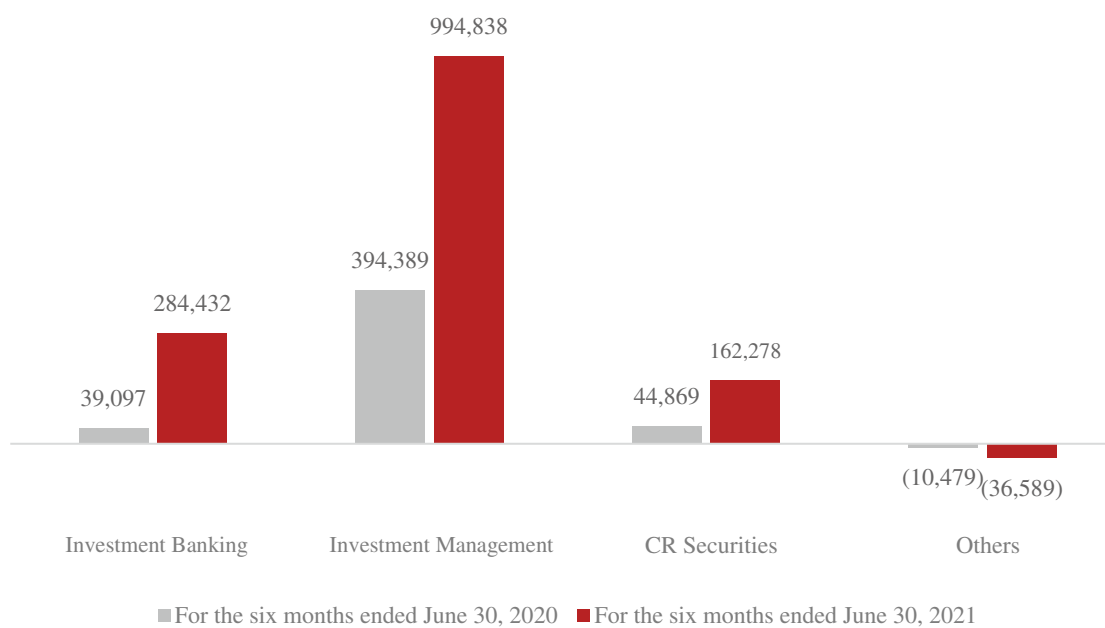
- (2) We define adjusted net profit attributable to owners of the Company as profit or loss for the period attributable to owners of the Company adjusted for the impact of (i) share-based payment expenses, (ii) change in fair value of call option, (iii) unrealized income from carried interest, and (iv) carried interest to management team and other parties.

Segment Performance

Revenue and Net Investment Gains by Segment (RMB'000)



Operating Profit (loss) by Segment (RMB'000)



MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Despite the ongoing challenges arising from the COVID-19, international relations, and the capital markets, China Renaissance recorded its best first-half performance in 2021. For the first half of 2021, China Renaissance's total revenue and net investment gains was RMB2.5 billion, representing an increase of 110.6% from the corresponding period in 2020. The net profit for the first half of 2021 was RMB1.3 billion, exceeding our full-year net profit in 2020. In the first half of 2021, our annualized Return on Equity (“ROE”) was a record high of 38.4%, compared to 18.8% of the full-year ROE in 2020. China Renaissance's strong interim results affirmed our increasing profitability with the considerable investment returns driven by our Investment Management business. Meanwhile, our Investment Banking business has generated strong synergies with our Investment Management business, demonstrating the effectiveness of China Renaissance's twin-engine business model. We strive to search for and partner with the greatest companies of the future. We seek to create values and consequently participate in their value creation. This is our long-term mission.

Our Investment Management segment recorded solid revenue and net investment gains in the first half of 2021, accounting for 54% of total revenue and net investment gains during this period, with a more-than RMB61.7 billion total assets under management (“AUM”). The performance of our private equity funds remained strong, with net investment gains reaching RMB1.1 billion in the first half of 2021, exceeding the RMB930 million recorded for the full year in 2020. The strong investment performance of our funds continued to contribute to our overall profit and a more balanced and diversified revenue structure. In the first half of 2021, our funds invested in sectors including healthcare, consumer, technological and industrial upgrading. At the same time, a number of portfolio companies successfully entered the secondary market, which created further exit opportunities for our funds. During this period, nearly 40% of investment gains were realized from our funds. As we accelerate the pace of exit from the secondary market, we expect to generate more investment income and carried interest income in the future. We have also made significant progress in fundraising for Huaxing Growth Capital RMB Fund IV and USD Fund IV, which were launched at the beginning of this year, and expected to achieve first close in the near term.

In the second half of 2020, China's private and secondary markets have gradually displayed signs of recovery as the country worked on containing the spread of COVID-19. Particularly, the fundraising scale of the Hong Kong capital market has reached a new record high over the past decade as enhancing fundraising activities of Chinese companies' secondary listings. Over the past years, we have invested significant resources to establish our market-leading position across Mainland China, Hong Kong and the U.S., including obtaining the necessary operating licenses and recruiting top talents, to play the lead roles in a growing number of major IPO projects. In the first half of 2021, our equity underwriting revenue reached RMB320 million, which is a record high as proven by the strong underwriting capacity and continuous growing market share and ranking. In the first half of 2021, China Renaissance was ranked:

- 6th in the “List of Hong Kong IPO Underwriting” and 3rd among Chinese financial institutions;

- 2nd among Chinese financial institutions in the “List of U.S. IPO Underwriting”; and
- 16th in the “List of Hong Kong Stock Sales and Trading Business” and 3rd among Chinese financial institutions.

At the same time, we have maintained a leading position in the private placement business. Not only have we been able to retain a high market share across the healthcare, enterprise service, consumer sectors, but we also achieved steady progress in the Hard & Core technology sector, which continuously strengthened our leading brand and prominent reputation.

Our Investment Banking businesses have been increasingly integrated with China Renaissance Securities (China) Co., Ltd. (“**CR Securities**”), the linchpin of our domestic operations. During the first half of 2021, CR Securities steadily expanded its investment banking business and participated as a sponsor or an underwriter in a number of IPOs currently, which is expected to drive China Renaissance’s future revenue growth. In November 2020, CR Securities obtained its principal investment and financial product distribution licenses, which in turn contributed to a 56% year-on-year growth in investment gains from principal investment in the first half of 2021. The continued improvement of investment banking and principal investment enabled CR Securities’ turnaround from loss to profit in the first half of 2021.

Wealth management business development stayed on track for the first half of 2021, with an AUM of about RMB7.0 billion as of June 2021. It has continued to gain traction amongst new economy clients, and is well poised to attain synergies with our investment banking and investment management businesses. We are confident that wealth management over time will equip us with the third engine for future growth.

During the first half of 2021, we obtained net investment gains of RMB1.4 billion, driven by the continuously optimizing capital allocation to achieve a higher return on assets. The investment gains contributed to higher profitability, which reflects synergies with our business operations and contributes to business growth. Meanwhile, we have been actively exploring additional financing channels to strengthen our balance sheet, fuel further business growth to improve ROE. In May 2021, China Renaissance successfully entered into a syndicated term loan facility agreement with a total principal amount of US\$300 million. Looking ahead, we plan to allocate more capital to our Investment Management business and facilitate investment banking business with structured financing for key account clients through the more efficient use of capital to achieve higher AUM and ROE.

Segment Performance

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

	For the six months ended			
	June 30,			
	2021	2020	Change	% of change
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Business Segment				
Investment Banking	741,965	276,815	465,150	168.0%
Investment Management	1,320,642	643,273	677,369	105.3%
CR Securities	352,275	194,202	158,073	81.4%
Others	43,439	53,140	(9,701)	-18.3%
	<u>2,458,321</u>	<u>1,167,430</u>	<u>1,290,891</u>	<u>110.6%</u>
Total revenue and net investment gains	<u>2,458,321</u>	<u>1,167,430</u>	<u>1,290,891</u>	<u>110.6%</u>

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

	For the six months ended			
	June 30,			
	2021	2020	Change	% of change
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Business Segment				
Investment Banking	284,432	39,097	245,335	627.5%
Investment Management	994,838	394,389	600,449	152.2%
CR Securities	162,278	44,869	117,409	261.7%
Others	(36,589)	(10,479)	(26,110)	249.2%
	<u>1,404,959</u>	<u>467,876</u>	<u>937,083</u>	<u>200.3%</u>
Operating profit	<u>1,404,959</u>	<u>467,876</u>	<u>937,083</u>	<u>200.3%</u>

Investment Banking

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

	For the six months ended			
	June 30,			
	2021	2020	Change	% of change
	RMB'000	RMB'000	RMB'000	
Investment Banking				
Advisory services	293,906	192,049	101,857	53.0%
Equity underwriting	321,937	21,294	300,643	1,411.9%
Sales, trading, and brokerage	114,802	55,152	59,650	108.2%
Interest income	1,590	2,618	(1,028)	-39.3%
	<u>732,235</u>	<u>271,113</u>	<u>461,122</u>	<u>170.1%</u>
Segment revenue				
Net investment gains	9,730	5,702	4,028	70.6%
Segment revenue and net investment gains	<u>741,965</u>	<u>276,815</u>	<u>465,150</u>	<u>168.0%</u>
Compensation and benefit expenses	(375,756)	(165,953)	(209,803)	126.4%
Impairment loss under expected credit loss model, net of reversal	(5,991)	(177)	(5,814)	3,284.7%
Other operating expenses	(75,786)	(71,588)	(4,198)	5.9%
	<u>(457,533)</u>	<u>(237,718)</u>	<u>(219,815)</u>	<u>92.5%</u>
Segment operating expenses				
Segment operating profit	<u>284,432</u>	<u>39,097</u>	<u>245,335</u>	<u>627.5%</u>
Segment operating margin	<u>38.3%</u>	<u>14.1%</u>		

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

	For the six months ended			
	June 30,			
	2021	2020	Change	% of change
	RMB in million	RMB in million	RMB in million	
Transaction Value				
Advisory services	32,866	21,891	10,975	50.1%
Equity underwriting	168,246	33,991	134,255	395.0%
	<u>201,112</u>	<u>55,882</u>	<u>145,230</u>	<u>259.9%</u>
Total				

Segment Revenue and Net Investment Gains

Investment banking revenue and net investment gains was RMB742.0 million for the six months ended June 30, 2021, an increase of 168.0% from RMB276.8 million for the six months ended June 30, 2020. This increase was primarily due to (i) an increase in equity underwriting services resulting from the increase of IPOs by new economy companies, (ii) an increase in private placement advisory fees, and (iii) an increase in sales, trading, and brokerage fees.

Interest income and net investment gain mainly come from the structured finance related products. Structured financing is dedicated to exploring and developing non-equity financing services to new economy firms. The interest income and net investment gains from the structured finance related products increased from RMB8.3 million for the six months ended June 30, 2020 to RMB11.3 million for the six months ended June 30, 2021.

Segment Operating Expenses

For the investment banking segment, segment operating expenses increased by 92.5% from RMB237.7 million for the six months ended June 30, 2020 to RMB457.5 million for the six months ended June 30, 2021, which was primarily attributed to the increase in compensation and benefit expenses from RMB166.0 million for the six months ended June 30, 2020 to RMB375.8 million for the six months ended June 30, 2021.

Segment Operating Profit

For the investment banking segment, segment operating profit increased significantly from RMB39.1 million for the six months ended June 30, 2020 to RMB284.4 million for the six months ended June 30, 2021. Segment operating margin increased from 14.1% for the six months ended June 30, 2020 to 38.3% for the six months ended June 30, 2021.

Investment Management

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

	For the six months ended			
	June 30,			
	2021	2020	Change	% of change
	RMB'000	RMB'000	RMB'000	
Investment Management				
Management fees	194,860	199,534	(4,674)	-2.3%
Realized income from carried interest	4,124	20,931	(16,807)	-80.3%
Segment revenue	198,984	220,465	(21,481)	-9.7%
Net investment gains	1,121,658	422,808	698,850	165.3%
Segment revenue and net investment gains	1,320,642	643,273	677,369	105.3%
Compensation and benefit expenses	(196,606)	(167,020)	(29,586)	17.7%
Finance costs	(32,564)	—	(32,564)	n.m.
Carried interest to management team and other parties	(2,846)	(13,955)	11,109	-79.6%
Investment gains attributable to interest holders of consolidated structured entities	(45,651)	(24,811)	(20,840)	84.0%
Impairment loss under expected credit loss model, net of reversal	(324)	(116)	(208)	179.3%
Other operating expenses	(47,813)	(42,982)	(4,831)	11.2%
Segment operating expenses	(325,804)	(248,884)	(76,920)	30.9%
Segment operating profit	994,838	394,389	600,449	152.2%
Segment operating margin	75.3%	61.3%		
Unrealized income from carried interest	1,198,249	808,574	389,675	48.2%
Carried interest to management team and other parties	(912,256)	(624,481)	(287,775)	46.1%
Unrealized net carried interest	285,993	184,093	101,900	55.4%
Adjusted segment operating profit	1,280,831	578,482	702,349	121.4%

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

	Investments in our own funds <i>RMB'000</i>	Investments in third-party funds <i>RMB'000</i>
Balance at December 31, 2020	1,596,747	771,135
Invested Capital	257,221	220,162
Distribution	(133,359)	(16,572)
Change in value	571,047	550,611
Effect of exchange rate change	(9,231)	(5,497)
Balance at June 30, 2021	2,282,425	1,519,839

As of June 30, 2021, the internal rate of return of investments in our own private equity funds and investments in third-party private equity funds was 46.8% and 36.8%, respectively.

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

	As of June 30, 2021 <i>RMB in million</i>	As of December 31, 2020 <i>RMB in million</i>
Committed Capital	28,078	27,547
Invested Capital	24,007	21,946
Fair Value of Investments	66,844	57,416
Fee-earning AUM	21,513	21,874
AUM	61,745	57,443

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

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

<i>RMB in million except multiples and percentages</i>	Committed Capital	Realized Investments ⁽¹⁾		Unrealized Investments		Gross Multiple of Invested Capital ⁽²⁾
		Invested capital	Fair Value	Invested capital	Fair Value	
As of June 30, 2021						
Main Funds ⁽³⁾	21,090	2,406	7,992	15,073	39,333	2.7
Project Funds	6,988	707	2,849	5,821	16,670	3.0
Total	28,078	3,113	10,841	20,894	56,003	2.8
As of December 31, 2020						
Main Funds ⁽³⁾	21,145	1,782	4,285	14,113	35,036	2.5
Project Funds	6,402	497	1,013	5,554	17,082	3.0
Total	27,547	2,279	5,298	19,667	52,118	2.6

(1) An investment is considered fully or partially realized when it has been disposed of or has otherwise generated disposition proceeds or current income.

(2) The gross multiples of invested capital measure the aggregate value generated by private equity fund's investments in absolute terms. Each gross multiple of invested capital is calculated by dividing the sum of total realized and unrealized values of a private equity fund's investments by the total amount of capital invested by the private equity fund. Such total amount of capital invested by the private equity fund does not give effect to the allocation of realized and unrealized carried interest or the payment of any applicable management fees or operating expenses.

(3) As of June 30, 2021 and December 31, 2020, we managed nine main private equity funds, including six under our Huaxing Growth Capital and three under our Huaxing Healthcare Capital.

Segment Revenue and Net Investment Gains

For the investment management segment, management fees decreased by 2.3% from RMB199.5 million for the six months ended June 30, 2020 to RMB194.9 million for the six months ended June 30, 2021. This decrease was primarily due to the slower inflow of new capital commitment in the first half of 2021 as compared to the corresponding period in 2020. Net investment gains from the investment management business mainly represents the investment income from the investments in our own private equity funds and third-party private equity funds. Net investment gains increased significantly from RMB422.8 million for the six months ended June 30, 2020 to RMB1,121.7 million for the six months ended June 30, 2021 resulting from the appreciation in value of the portfolio companies investments in our own private equity funds and third-party private equity funds. The committed capital and AUM of our private equity funds were RMB28.1 billion and RMB61.7 billion as of June 30, 2021, representing an increase of 1.9% and of 7.5% from RMB27.5 billion and RMB57.4 billion as of the end of 2020, respectively.

During the six months ended June 30, 2021, the total return of a main fund successfully exceeded the agreed return level in the governing agreement, and it is highly improbable that a significant reversal in the amount of cumulative return will occur. Accordingly, the Group was entitled to a performance-based fee and recognized this fee as income from carried interest. The carried interest to management team and other parties was recognized as an operating expense. The realized income from carried interest decreased by 80.3% from RMB20.9 million for the six months ended June 30, 2020 to RMB4.1 million for the six months ended June 30, 2021.

Segment Operating Expenses

For the investment management segment, segment operating expenses increased by 30.9% from RMB248.9 million for the six months ended June 30, 2020 to RMB325.8 million for the six months ended June 30, 2021. This increase was primarily due to the (i) increase in finance cost related to new bank facilities, (ii) increase in our compensation and benefit expenses, and (iii) investment gains attributable to interest holders of consolidated structured entities.

Segment Operating Profit

For the investment management segment, segment operating profit increased by 152.2% from RMB394.4 million for the six months ended June 30, 2020 to RMB994.8 million for the six months ended June 30, 2021. Segment operating margin improved from 61.3% for the six months ended June 30, 2020 to 75.3% for the six months ended June 30, 2021.

Unrealized Net Carried Interest

Unrealized net carried interest, calculated as unrealized income from carried interest subtracting carried interest to management team and other parties, increased by 55.4% from RMB184.1 million for the six months ended June 30, 2020 to RMB286.0 million for the six months ended June 30, 2021. Unrealized income from carried interest increased by 48.2% from RMB808.6 million for the six months ended June 30, 2020 to RMB1,198.2 million for the six months ended June 30, 2021 resulting from the appreciation in value of the portfolio companies under our investment management business. Carried interest to management team and third parties increased by 46.1% from RMB624.5 million for the six months ended June 30, 2020 to RMB912.3 million for the six months ended June 30, 2021, in line with the increase of unrealized income from carried interest.

CR Securities

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

	For the six months ended June 30,			
	2021	2020	Change	% of change
	RMB'000	RMB'000	RMB'000	
CR Securities				
Transaction and advisory fees	64,260	10,090	54,170	536.9%
Interest income	15,148	9,034	6,114	67.7%
Segment revenue	79,408	19,124	60,284	315.2%
Segment revenue and net investment gains	352,275	194,202	158,073	81.4%
Compensation and benefit expenses	(137,031)	(102,976)	(34,055)	33.1%
Investment gains attributable to interest holders of consolidated structured entities	(6,884)	(16,953)	10,069	-59.4%
Impairment loss under expected credit loss model, net of reversal	(133)	—	(133)	n.m.
Finance cost	(14,825)	(454)	(14,371)	3,165.4%
Other operating expenses	(31,124)	(28,950)	(2,174)	7.5%
Segment operating expenses	(189,997)	(149,333)	(40,664)	27.2%
Segment operating profit	162,278	44,869	117,409	261.7%

Segment Revenue and Net Investment Gains

For the CR Securities segment, segment revenue and net investment gains were RMB352.3 million for the six months ended June 30, 2021, an increase of 81.4% from RMB194.2 million for the six months ended June 30, 2020. This increase was primarily due to (i) an increase in appreciation of investment in two listed equities in the STAR market of Shanghai Stock Exchange, (ii) an increase in transaction and advisory fees.

Segment Operating Expenses

For the CR Securities segment, segment operating expenses increased by 27.2% from RMB149.3 million for the six months ended June 30, 2020 to RMB190.0 million for the six months ended June 30, 2021. This increase was primarily due to the increase in compensation and benefit expense and finance cost, partially offset by a decrease in investment gains attributable to interest holders of consolidated structured entities.

Segment Operating Profit

For the CR Securities segment, segment operating profit increased by 261.7% from RMB44.9 million for the six months ended June 30, 2020 to RMB162.3 million for the six months ended June 30, 2021.

Others

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

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

	For the six months ended			
	June 30,			
	2021	2020	Change	% of change
	RMB'000	RMB'000	RMB'000	
Others				
Segment revenue	37,336	28,935	8,401	29.0%
Segment revenue and net investment gains	43,439	53,140	(9,701)	-18.3%
Compensation and benefit expenses	(35,163)	(46,476)	11,313	-24.3%
Impairment loss under expected credit loss model, net of reversal	(8,318)	94	(8,412)	n.m.
Finance cost	(18,779)	(5,057)	(13,722)	271.3%
Other operating expenses	(17,768)	(12,180)	(5,588)	45.9%
Segment operating expenses	(80,028)	(63,619)	(16,409)	25.8%
Segment operating loss	(36,589)	(10,479)	(26,110)	249.2%

Segment Revenue and Net Investment Gains

For the others segment, total revenue and net investment gains were RMB43.4 million for the six months ended June 30, 2021, decreased by 18.3% from RMB53.1 million for the six months ended June 30, 2020. This decrease was primarily due to decrease in investment gains generated from cash management products, resulting from allocating more of the Group's capital in investing in our private equity funds, and partially offset by an increase in wealth management business.

Segment Operating Expenses

For the others segment, segment operating expenses increased by 25.8% from RMB63.6 million for the six months ended June 30, 2020 to RMB80.0 million for the six months ended June 30, 2021. This increase was primarily due to an increase in finance cost related to new bank facilities.

Segment Operating Loss

For the others segment, total segment operating loss was RMB36.6 million and RMB10.5 million for the six months ended June 30, 2021 and 2020, respectively.

Results of Operations

Revenue and Net Investment Gains

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

	For the six months ended June 30,		Change RMB'000	% of change
	2021 RMB'000	2020 RMB'000		
Transaction and advisory fees	794,905	278,585	516,320	185.3%
Management fees	207,801	204,707	3,094	1.5%
Interest income	41,133	35,414	5,719	16.1%
Realized income from carried interest	4,124	20,931	(16,807)	-80.3%
Total revenue	1,047,963	539,637	508,326	94.2%
Net investment gains	1,410,358	627,793	782,565	124.7%
Total revenue and net investment gains	2,458,321	1,167,430	1,290,891	110.6%

Total revenue was RMB1,048.0 million for the six months ended June 30, 2021, an increase of 94.2% from RMB539.6 million for the six months ended June 30, 2020.

- Transaction and advisory fees were RMB794.9 million, an increase of 185.3% from the prior period.
- Management fees were RMB207.8 million, an increase of 1.5% from the prior period.
- Interest income was RMB41.1 million, an increase of 16.1% from the prior period.
- Realized income from carried interest was RMB4.1 million, a decrease of 80.3% from the prior period.

The net investment gains were mainly derived from investments in our own private equity funds, investments in third-party private equity funds, listed equity investments, wealth management related products, structured finance related products, financial bonds and other cash management products. The net investment gains increased from RMB627.8 million for the six months ended June 30, 2020 to RMB1,410.4 million for the six months ended June 30, 2021.

Total revenue and net investment gains were RMB2,458.3 million for the six months ended June 30, 2021, an increase of 110.6% from RMB1,167.4 million for the six months ended June 30, 2020.

Operating Expenses

Total operating expenses increased by 50.6% from RMB699.6 million for the six months ended June 30, 2020 to RMB1,053.4 million for the six months ended June 30, 2021.

Compensation and benefit expenses increased by 54.3% from RMB482.4 million for the six months ended June 30, 2020 to RMB744.6 million for the six months ended June 30, 2021. Among compensation and benefit expenses, share-based compensation decreased by 15.1% from RMB35.5 million for the six months ended June 30, 2020 to RMB30.1 million for the six months ended June 30, 2021.

Finance costs increased from RMB5.5 million for the six months ended June 30, 2020 to RMB66.2 million for the six months ended June 30, 2021. This increase was primarily due to the (i) increase in interest expense of new bank borrowings drawn in the first half year of 2021, and (ii) finance cost related to new bank facilities.

Provision of impairment losses under expected credit loss model increased from RMB0.2 million for the six months ended June 30, 2020 to RMB14.8 million for the six months ended June 30, 2021.

Other operating expenses increased by 10.8% from RMB155.7 million for the six months ended June 30, 2020 to RMB172.5 million for the six months ended June 30, 2021.

Operating Profit

Operating profit was RMB1,405.0 million for the six months ended June 30, 2021, an increase of 200.3% from RMB467.9 million for the six months ended June 30, 2020.

Other Income, Gains or Losses

Other gains were RMB15.0 million for the six months ended June 30, 2021, increased by 85.3% from RMB8.1 million for the six months ended June 30, 2020. Other gains or loss mainly came from government grants, impairment loss on investment in a joint venture, gain on disposal of associates and net exchange gain (loss). Please refer to the Note 5 to the condensed consolidated financial statements for further details.

Investment Income arising from Certain Incidental and Ancillary Investments

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

Investment income increased from nil for the six months ended June 30, 2020 to RMB24.2 million for the six months ended June 30, 2021, as a result of the appreciation in value of strategic minority equity investments.

Share of Results of Associates

Share of loss of associates increased from RMB1.5 million for the six months ended June 30, 2020 to RMB2.2 million for the six months ended June 30, 2021.

Share of Results of Joint Ventures

Share of loss of joint ventures increased from RMB1.1 million for the six months ended June 30, 2020 to RMB2.0 million for the six months ended June 30, 2021.

Change in Fair Value of Call Option

The Special Administrative Measures for Access of Foreign Investment (Negative List) (2019 Edition) was promulgated on June 28, 2019 and became effective on July 28, 2019, pursuant to which the limit of ownership percentage by foreign investors in a securities company increased from 49% to 51%. Our call option to acquire the non-controlling interests in CR Securities thus became substantially exercisable and is mandatorily measured at fair value through profit or loss as a derivative in accordance with IFRS. A loss of RMB7.6 million for the six months ended June 30, 2021 was recorded under the change in fair value of call option.

Profit before Tax

Profit before tax was RMB1,432.3 million for the six months ended June 30, 2021, increased by 202.6% from RMB473.4 million for the six months ended June 30, 2020.

Income Tax Expense

Income tax expense was RMB155.7 million and RMB44.4 million for the six months ended June 30, 2021 and 2020, respectively. The increase was primarily due to more taxable income generated for the six months ended June 30, 2021.

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

Profit for the period was RMB1,276.6 million and RMB429.0 million for the six months ended June 30, 2021 and 2020, respectively. Profit attributable to owners of the Company was RMB1,228.5 million and RMB407.4 million for the six months ended June 30, 2021 and 2020, respectively.

Adjusted Net Profit Attributable to Owners of the Company

Adjusted net profit attributable to owners of the Company without unrealized net carried interest increased from RMB442.9 million for the six months ended June 30, 2020 to RMB1,266.2 million for the six months ended June 30, 2021. Unrealized net carried interest, calculated as unrealized income from carried interest subtracting carried interest to management team and other parties, increased from RMB184.1 million for the six months ended June 30, 2020 to RMB286.0 million for the six months ended June 30, 2021. Adjusted net profit attributable to owners of the Company with unrealized net carried interest increased from RMB627.0 million for the six months ended June 30, 2020 to RMB1,552.2 million for the six months ended June 30, 2021.

Off-Balance Sheet Commitments and Arrangements

As of June 30, 2021, we had not entered into any off-balance sheet transactions.

Capital Structure

We manage our capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to Shareholders through the optimisation of our capital structure.

The Group has maintained sound financial strength during the six months ended June 30, 2021. The Group is aware of the need to use capital for further business expansion, continuously seeking various means of financing. As of June 30, 2021, the Group had RMB499.6 million of outstanding bank borrowings and held credit facilities from authorized institutions in aggregate principal amount of RMB3,304.3 million.

Gearing Ratio

The gearing ratio of the Group, which is calculated as total liabilities divided by total assets, excluding the effect of right-of-use assets, lease liabilities, open trade receivable, open trade payable, payable to consolidated structured entities, cash held on behalf of brokerage clients and payable to brokerage clients, receivable on behalf of underwriting clients and payable to underwriting clients was 31.4% as of June 30, 2021, compared with 24.8% as of December 31, 2020. The increase was mainly due to outstanding bank borrowings as of June 30, 2021 and an increase of financial assets sold under repurchase agreements as of June 30, 2021.

Significant Investments Held

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

	As of June 30, 2021 RMB'000	As of December 31, 2020 RMB'000
Investments in our own private equity funds in our capacity as a general partner and limited partner	2,282,425	1,596,747
Investments in third-party private equity funds in our capacity as a limited partner	1,519,839	771,135
Strategic minority equity investments		
— Investments in the form of preferred shares of other companies	374,294	123,577
— Passive equity holdings in non-associate companies	622,263	400,785
Total	4,798,821	2,892,244

As of June 30, 2021, the Group had investments of our primary investment activities amounting to an aggregate of approximately RMB4,798.8 million measured in fair value, which increased by 65.9% as compared to December 31, 2020. Each investment was individually less than 5% of the total assets of the Group as of June 30, 2021, except the following significant investment which accounted for 6.4% of the Group's total assets as of June 30, 2021:

Name of investee company	Percentage of share capital owned by the Group	Number of shares owned by the Group	Investment cost RMB'000	Fair value as at June 30, 2021 RMB'000	Accumulated unrealized gain/(loss) change in fair value RMB'000	Realised/unrealised gain (including dividend and interest received/receivable) during the six months ended June 30, 2021 RMB'000
East Image Limited	20.5%	5,125,000	132,432	964,216	831,784	406,083

East Image Limited is a company incorporated in the British Virgin Islands and is principally engaged in investment holding. It is one of the healthcare project funds managed by the Group and it holds a minority stake investment in a leading medical technology company that develops, manufactures and sells high-end interventional medical devices. The Group manages this investment via its subsidiaries in accordance with the investment objectives and strategies set out in the relevant subscription and shareholders agreement.

Future Plans for Material Investments and Capital Assets

For details of the Group's future plans for material investments and capital assets, please refer to the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated September 14, 2018 (the "**Prospectus**") and the interim report of the Group for the six months ended June 30, 2021 to be published.

Save as disclosed above, the Group did not have other plans for material investments and capital assets as at June 30, 2021.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

The Group did not have material acquisitions and disposals of subsidiaries and affiliated companies for the six months ended June 30, 2021.

Employee and Remuneration Policy

As of June 30, 2021, we had 654 full-time employees, including over 83% advisory and investment professionals.

The following table sets forth the number of our employees by function as of June 30, 2021.

Function	Number of Employees	Percentage
Investment Banking	241	37%
Investment Management	76	11%
CR Securities	206	31%
Others	23	4%
Group Middle and Back Office	108	17%
Total	654	100%

The following table sets forth the number of our employees by geographic region as of June 30, 2021.

Geographic Region	Number of Employees	Percentage
Beijing, China	307	47%
Shanghai, China	196	30%
Other cities in China	25	4%
Hong Kong, China	106	16%
United States	18	3%
Singapore	2	—
Total	654	100%

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our retention strategy, we offer employees performance-based cash bonuses and other incentives in addition to base salaries. As of June 30, 2021, 111 grantees held options granted under the ESOP (as defined in the Prospectus) and restricted shares under the RSU Plan (as defined in the Prospectus) which remained outstanding. The total remuneration expenses, including share-based payment expense, for the six months ended June 30, 2021 were RMB744.6 million, representing an increase of 54.3% as compared to six months ended June 30, 2020.

Foreign Exchange Risk

Foreign currency risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. Although we operate businesses in different countries, our primary subsidiaries operate in the PRC with most of the transactions settled in RMB. When considered appropriate, we enter into hedging activities with regard to exchange rate risk. As of June 30, 2021, we did not hedge or consider it necessary to use financial instruments for hedging purposes.

Pledge of Assets

As of June 30, 2021, the Company pledged one US\$ bank deposit of US\$0.6 million (equivalent to approximately RMB3.9 million) to secure the long term credit facilities.

Contingent Liabilities

As of June 30, 2021, we did not have any material contingent liabilities.

Interim Dividends

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2021.

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

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

cash flows, general financial condition, capital adequacy ratio and capital requirements, and (c) the availability of dividends received from subsidiaries and associates in light of statutory and regulatory restrictions on the payment of dividends.

During the six months ended June 30, 2021, a final dividend of RMB38 cents per share in respect of the year ended December 31, 2020 was declared to owners of the Company. The aggregate amount of the final dividend declared in the six months ended June 30, 2021 amounted to RMB209.3 million, and such cash dividend was paid on July 22, 2021.

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

	For the six months ended	
	June 30,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Dividends to the Shareholders	209,281	79,896

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

Compliance with the Code on Corporate Governance Practices

During the six months ended June 30, 2021, the Company has complied with all applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) except for the following deviation.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Bao Fan is the Chairman and Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in Mr. Bao Fan has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. Furthermore, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of Chairman and Chief Executive Officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

Compliance with the Model Code for Securities Transactions by Directors

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

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the six months ended June 30, 2021.

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

During the six months ended June 30, 2021, the Company repurchased 100 Shares on the Stock Exchange for an aggregate consideration of approximately HK\$1.6 thousand including expenses. The repurchased Shares were subsequently cancelled on February 8, 2021. The repurchase was effected because the Board considered that the then trading price of the Shares did not reflect their intrinsic value and business prospects of the Company and that it presented a good opportunity for the Company to repurchase Shares.

Details of the Shares repurchased during the six months ended June 30, 2021 are as follows:

Month of repurchase	No. of Shares repurchased	Highest price paid per share (HK\$)	Lowest price paid per share (HK\$)	Aggregate consideration (HK\$'000)
January 2021	100	15.70	15.70	1.6
Total	<u>100</u>			<u>1.6</u>

Save as disclosed above, neither the Company nor any member of the Group purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2021.

Audit Committee and Review of Financial Statements

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

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

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended June 30, 2021. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company with senior management members and the external auditor of the Company, Deloitte Touche Tohmatsu.

The condensed consolidated financial statements of the Group for the six months ended June 30, 2021 has been reviewed by the Audit Committee and by the Company's external auditor in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the International Auditing and Assurance Standards Board.

Other Board Committees

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

Subsequent Events after the Reporting Period

On July 30, 2021, the Company cancelled a total number of 1,950,600 Shares which it had repurchased on the open market of the Stock Exchange from July 8, 2021 to July 15, 2021, pursuant to the general mandate to repurchase Shares approved by the Shareholders at the annual general meetings of the Company held on June 30, 2021, from its issued share capital.

On July 22, 2021, a final dividend of RMB38 cents (HK\$0.45585) per Share for the year ended December 31, 2020 (the “**Final Dividend**”) was paid up by the Company out of the share premium account in Hong Kong dollars to Shareholders whose names appeared on the register of members of the Company as at the close of business on Friday, July 9, 2021. For details of the payment date and exchange rate for the Final Dividend payment, please refer to the Company’s announcement dated July 9, 2021.

Save as disclosed above, no important events affecting the Company have occurred since June 30, 2021 and up to the date of this announcement.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Notes	Six months ended June 30,	
		2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Revenue	3		
Transaction and advisory fees		794,905	278,585
Management fees		207,801	204,707
Interest income		41,133	35,414
Income from carried interest		4,124	20,931
		<hr/>	<hr/>
Total revenue		1,047,963	539,637
Net investment gains	4	1,410,358	627,793
		<hr/>	<hr/>
Total revenue and net investment gains		2,458,321	1,167,430
		<hr/>	<hr/>
Compensation and benefit expenses		(744,556)	(482,425)
Carried interest to management team and other parties		(2,846)	(13,955)
Investment gains attributable to interest holders of consolidated structured entities		(52,535)	(41,764)
Impairment loss under expected credit loss model, net of reversal	14	(14,766)	(199)
Finance costs		(66,168)	(5,511)
Other operating expenses		(172,491)	(155,700)
		<hr/>	<hr/>
Total operating expenses		(1,053,362)	(699,554)
		<hr/>	<hr/>
Operating profit		1,404,959	467,876
		<hr/>	<hr/>
Other income, gains or losses	5	14,998	8,095
Investment income arising from certain incidental and ancillary investments	6	24,204	—
Share of results of associates		(2,203)	(1,501)
Share of results of joint ventures		(2,039)	(1,061)
Change in fair value of call option	11	(7,570)	—
		<hr/>	<hr/>
Profit before tax		1,432,349	473,409
Income tax expense	7	(155,722)	(44,438)
		<hr/>	<hr/>
Profit for the period		1,276,627	428,971
		<hr/>	<hr/>

		Six months ended June 30,	
		2021	2020
	<i>Note</i>	RMB'000	RMB'000
		(unaudited)	(unaudited)
Other comprehensive (expense) income			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		(223,029)	119,720
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		124,579	(78,154)
Fair value gain on debt instruments measured at fair value through other comprehensive income		2,883	—
Impairment loss for debt instruments at fair value through other comprehensive income included in profit or loss		99	—
		<hr/>	<hr/>
Other comprehensive (expense) income for the period, net of tax		(95,468)	41,566
		<hr/>	<hr/>
Total comprehensive income for the period		1,181,159	470,537
		<hr/> <hr/>	<hr/> <hr/>
Profit for the period attributable to:			
— Owners of the Company		1,228,474	407,357
— Non-controlling interests		48,153	21,614
		<hr/>	<hr/>
		1,276,627	428,971
		<hr/>	<hr/>
Total comprehensive income for the period attributable to:			
— Owners of the Company		1,133,544	448,238
— Non-controlling interests		47,615	22,299
		<hr/>	<hr/>
		1,181,159	470,537
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share			
Basic	9	RMB2.49	RMB0.83
Diluted	9	RMB2.32	RMB0.78
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	<i>Notes</i>	June 30, 2021	December 31, 2020
		RMB'000	RMB'000
		(unaudited)	(audited)
Non-current assets			
Property and equipment		135,679	125,659
Intangible assets		65,902	71,095
Deferred tax assets		190,988	233,280
Investments in associates	10	2,338,813	1,829,220
Investments in joint ventures		47,961	3,124
Financial assets at fair value through profit or loss	11	2,312,698	1,342,697
Financial assets at fair value through other comprehensive income	12	816,483	252,696
Pledged bank deposits		3,876	—
Rental deposits		18,650	20,406
Other financial assets		51,624	130,616
		5,982,674	4,008,793
Current assets			
Accounts and other receivables	13	1,645,291	2,877,726
Loans to third parties		439,295	630,507
Amounts due from related parties		56,325	47,394
Financial assets at fair value through profit or loss	11	4,439,933	3,692,171
Term deposits		84,830	168,473
Cash held on behalf of brokerage clients		1,232,041	460,747
Cash and cash equivalents		1,236,190	646,756
		9,133,905	8,523,774
Assets classified as held for sale		—	4,762
		9,133,905	8,528,536
TOTAL ASSETS		15,116,579	12,537,329

		June 30, 2021	December 31, 2020
	<i>Notes</i>	RMB'000 (unaudited)	RMB'000 (audited)
Current liabilities			
Accounts and other payables	15	5,318,787	3,903,356
Payables to interest holders of consolidated structured entities		308,970	424,984
Amounts due to related parties		8,859	51,068
Contract liabilities		173,834	38,199
Bank borrowings	16	176,641	112,262
Lease liabilities		43,064	45,464
Income tax payables		133,163	161,604
Financial liabilities at fair value through profit or loss		—	275,818
		6,163,318	5,012,755
Net current assets		2,970,587	3,515,781
TOTAL ASSETS LESS CURRENT LIABILITIES		8,953,261	7,524,574
Non-current liabilities			
Lease liabilities		66,323	56,439
Bank borrowings	16	323,587	—
Contract liabilities		14,451	15,774
Deferred tax liabilities		127,149	70,383
		531,510	142,596
NET ASSETS		8,421,751	7,381,978
Capital and reserves			
Share capital	17	90	87
Reserves		6,888,788	5,895,755
Equity attributable to owners of the Company		6,888,878	5,895,842
Non-controlling interests		1,532,873	1,486,136
		8,421,751	7,381,978

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2021

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 Listing Rules.

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 IFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2021 are the same as those presented in the Group’s annual consolidated financial statements for the year ended December 31, 2020.

Application of amendments to IFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in IFRSs and the following amendments to IFRSs issued by International Accounting Standards Board, for the first time, which are mandatory effective for the annual period beginning on or after January 1, 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 16,	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7 IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2

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 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, formerly named Huajing, 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;
- (d) The others segment mainly comprises 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, 2021 (unaudited)					Total consolidated
	Investment banking	Investment management	CR Securities	Others	Consolidation adjustments and reconciling items	RMB'000
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Transaction and advisory fees	730,645	—	64,260	—	—	794,905
Management fees	—	194,860	—	12,941	—	207,801
Interest income	1,590	—	15,148	24,395	—	41,133
Income from carried interest	—	1,202,373	—	—	(1,198,249) ^(note)	4,124
Total revenue	732,235	1,397,233	79,408	37,336	(1,198,249)	1,047,963
Net investment gains	9,730	1,121,658	272,867	6,103	—	1,410,358
Total revenue and net investment gains	741,965	2,518,891	352,275	43,439	(1,198,249)	2,458,321
Compensation and benefit expenses	(375,756)	(196,606)	(137,031)	(35,163)	—	(744,556)
Carried interest to management team and other parties	—	(915,102)	—	—	912,256 ^(note)	(2,846)
Investment gains attributable to interest holders of consolidated structured entities	—	(45,651)	(6,884)	—	—	(52,535)
Impairment loss under expected credit loss model, net of reversal	(5,991)	(324)	(133)	(8,318)	—	(14,766)
Finance costs	—	(32,564)	(14,825)	(18,779)	—	(66,168)
Other operating expenses	(75,786)	(47,813)	(31,124)	(17,768)	—	(172,491)
Operating profit (loss)	284,432	1,280,831	162,278	(36,589)	(285,993)	1,404,959
Other income, gains or losses						14,998
Investment income arising from certain incidental and ancillary investments						24,204
Share of results of associates						(2,203)
Share of results of joint ventures						(2,039)
Change in fair value of call option						(7,570)
Profit before tax						1,432,349
Income tax expense						(155,722)
Profit for the period						1,276,627

Six months ended June 30, 2020 (unaudited)

	Investment banking RMB'000	Investment management RMB'000	CR Securities RMB'000	Others RMB'000	Consolidation adjustments and reconciling items RMB'000	Total consolidated RMB'000
Transaction and advisory fees	268,495	—	10,090	—	—	278,585
Management fees	—	199,534	—	5,173	—	204,707
Interest income	2,618	—	9,034	23,762	—	35,414
Income from carried interest	—	829,505	—	—	(808,574) ^(note)	20,931
Total revenue	271,113	1,029,039	19,124	28,935	(808,574)	539,637
Net investment gains	5,702	422,808	175,078	24,205	—	627,793
Total revenue and net investment gains	276,815	1,451,847	194,202	53,140	(808,574)	1,167,430
Compensation and benefit expenses	(165,953)	(167,020)	(102,976)	(46,476)	—	(482,425)
Carried interest to management team and other parties	—	(638,436)	—	—	624,481 ^(note)	(13,955)
Investment gains attributable to interest holders of consolidated structured entities	—	(24,811)	(16,953)	—	—	(41,764)
Impairment loss under expected credit loss model, net of reversal	(177)	(116)	—	94	—	(199)
Finance costs	—	—	(454)	(5,057)	—	(5,511)
Other operating expenses	(71,588)	(42,982)	(28,950)	(12,180)	—	(155,700)
Operating profit (loss)	39,097	578,482	44,869	(10,479)	(184,093)	467,876
Other income, gains or losses						8,095
Share of results of associates						(1,501)
Share of results of joint ventures						(1,061)
Profit before tax						473,409
Income tax expense						(44,438)
Profit for the period						428,971

Segment profit or loss represents the results of each segment without allocation of corporate items including other income, gains or losses, investment income arising from certain incidental and ancillary investments (the “**Passive Investment Income**”), 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 RMB1,198,249,000 and RMB808,574,000 for the six months ended June 30, 2021 and 2020 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 RMB912,256,000 and RMB624,481,000 for the six months ended June 30, 2021 and 2020 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, 2021 and 2020, except for RMB4,124,000 and RMB20,931,000, respectively, of Carried Interest realised for certain fund, 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, 2021	2020	At June 30, 2021	At December 31, 2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(audited)
Mainland China	578,914	409,158	2,545,171	1,990,933
Hong Kong	439,705	107,732	35,065	27,782
USA	29,344	22,747	8,119	10,383
	<u>1,047,963</u>	<u>539,637</u>	<u>2,588,355</u>	<u>2,029,098</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,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
A point of time	799,029	299,516
Over time	207,801	204,707
	<u>1,006,830</u>	<u>504,223</u>

4. NET INVESTMENT GAINS

	Six months ended June 30,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Net realised and unrealised gains from financial assets at fair value through profit or loss (“FVTPL”)		
— Wealth management related products	6,103	17,695
— Asset management schemes	20,068	7,278
— Structured finance related products	9,730	5,702
— Financial bonds	38,092	7,836
— Unlisted investment funds at fair value	550,611	22,113
— Listed equity security investments	202,695	141,998
Gross gain from consolidated structured entities		
— Asset management schemes	11,094	17,965
Gross gain from investments in associates measured at fair value		
— Investment in funds	607,903	495,193
Net realised and unrealised losses from financial liabilities at FVTPL		
— Securities borrowing	(36,856)	(94,498)
Dividend income from		
— Wealth management related products	—	6,511
— Asset management schemes	918	—
	1,410,358	627,793

5. OTHER INCOME, GAINS OR LOSSES

	Six months ended June 30,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Government grants (<i>note</i>)	13,858	14,549
Net exchange gain (loss)	1,851	(3,465)
Impairment loss on investment in a joint venture	(3,124)	—
Gain on disposal of associates	2,239	—
Others	174	(2,989)
	<u>14,998</u>	<u>8,095</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 INCOME ARISING FROM CERTAIN INCIDENTAL AND ANCILLARY INVESTMENTS

	Six months ended June 30,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Passive Investment Income from		
— Unlisted equity security investment	24,204	—
	<u>24,204</u>	<u>—</u>

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

7. INCOME TAX EXPENSE

	Six months ended June 30,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current tax		
Mainland China	33,441	47,675
Hong Kong	24,259	7
	<u>57,700</u>	<u>47,682</u>
Deferred tax	98,022	(3,244)
Total income tax expense	<u>155,722</u>	<u>44,438</u>

8. DIVIDENDS

	Six months ended June 30,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Dividends to shareholders of the Company	<u>209,281</u>	<u>79,896</u>

During the six months ended June 30, 2021, a final dividend of RMB38 cents per share in respect of the year ended December 31, 2020 (2020: RMB15 cents per share in respect of the year ended December 31, 2019) was declared to owners of the Company. The aggregate amount of the final dividend declared in the six months ended June 30, 2021 amounted to RMB209,281,000 (2020: RMB79,896,000), and such cash dividend was paid on July 22, 2021 (2020: paid on August 10, 2020).

9. EARNINGS PER SHARE

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

	Six months ended June 30,	
	2021	2020
	(unaudited)	(unaudited)
Earnings for the purpose of basic and diluted earnings per share		
Earnings for the period attributable to owners of the Company (<i>RMB'000</i>)	<u>1,228,474</u>	<u>407,357</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	492,935,325	491,278,923
Effect of dilutive potential ordinary shares:		
Share options of the Group	33,675,291	26,648,750
Restricted share units of the Group	3,921,437	1,963,047
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>530,532,053</u>	<u>519,890,720</u>
Basic earnings per share (<i>RMB</i>)	<u>2.49</u>	<u>0.83</u>
Diluted earnings per share (<i>RMB</i>)	<u>2.32</u>	<u>0.78</u>

For the six months ended June 30, 2021 and 2020, the share options and restricted share units granted by the Company have potential dilutive effect on the earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options and restricted share units granted by the Company. No adjustment is made to earnings.

10. INVESTMENTS IN ASSOCIATES

	As at June 30, 2021 <i>RMB'000</i> (unaudited)	As at December 31, 2020 <i>RMB'000</i> (audited)
Investments in unlisted companies (a)	56,388	63,641
Investments in funds (b)	<u>2,282,425</u>	<u>1,765,579</u>
	<u><u>2,338,813</u></u>	<u><u>1,829,220</u></u>

(a) Investments in unlisted companies

	As at June 30, 2021 <i>RMB'000</i> (unaudited)	As at December 31, 2020 <i>RMB'000</i> (audited)
Cost of unlisted investments in associates	101,984	106,930
Share of post-acquisition profit or loss and other comprehensive income	(6,296)	(4,093)
Impairment loss	(39,026)	(39,026)
Exchange adjustments	(274)	(170)
	<u>56,388</u>	<u>63,641</u>

(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, 2021 <i>RMB'000</i> (unaudited)	As at December 31, 2020 <i>RMB'000</i> (audited)
Cost of investments in funds	724,112	682,707
Fair value changes in funds (note)	1,575,804	1,091,132
Exchange adjustments	(17,491)	(8,260)
	<u>2,282,425</u>	<u>1,765,579</u>

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

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at June 30, 2021 <i>RMB'000</i> (unaudited)	As at December 31, 2020 <i>RMB'000</i> (audited)
Current		
Unlisted cash management products (<i>Note i</i>)	775,435	1,434,778
Money market funds (<i>Note ii</i>)	293,535	164,951
Listed financial bonds (<i>Note iii</i>)	2,606,858	1,533,669
Trust products (<i>Note iv</i>)	129,072	156,814
Listed equity security investments (<i>Note v</i>)	615,653	401,959
Convertible notes (<i>Note vi</i>)	19,380	—
	<u>4,439,933</u>	<u>3,692,171</u>
Non-current		
Trust products (<i>Note iv</i>)	66,264	120,559
Listed equity security investments (<i>Note v</i>)	31,372	—
Unlisted investment funds at fair value (<i>Note vii</i>)	1,519,839	771,135
Unlisted debt security investments (<i>Note viii</i>)	570,486	319,714
Unlisted equity security investments (<i>Note ix</i>)	22,207	21,189
Call option for obtaining non-controlling interests (<i>Note x</i>)	102,530	110,100
	<u>2,312,698</u>	<u>1,342,697</u>

- Note i:* The Group purchased cash management products with expected rates of return per annum ranging from 2.35% to 3.20% as at June 30, 2021 (December 31, 2020: 2.68% to 3.15%). 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 5.72% as at June 30, 2021 (December 31, 2020: from 0.20% to 7.20%) and can be traded in the public bonds market at any time and settled at the prevailing market prices. As these financial bonds held by the Group were managed within a business model whose objective is to sell the debt instruments, they were subsequently measured at FVTPL.
- Note iv:* The Group invested in trust products with expected return rate ranging from 6.00% to 12.00% per annum as at June 30, 2021 (December 31, 2020: 6.00% 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 in the condensed consolidated statement of profit or loss and other comprehensive income.
- Note vi:* In June 2021, the Group invested in convertible notes with fixed interest rates of 6.00% and with a term of six months, which shall be extended for six months unless otherwise agreed by the Group and investee. The Group had conversion right to convert notes into equity shares of investee before the maturity date.
- Note vii:* The fair values of the unlisted investment funds are based on the net asset values of the investment funds reported to the limited partners by the general partners at the end of the reporting period. The fair value changes are recorded in the net investment gains in the condensed consolidated statement of profit or loss and other comprehensive income.
- Note viii:* These investments represent investments in the preferred shares of unlisted companies, and subsequent fair value change of the investments are recorded in the Passive Investment Income 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 Passive Investment Income 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 shareholders of a subsidiary of the Group, China Renaissance Securities (China) Co. Ltd. (“**China Renaissance Securities**”), at the book value of the non-controlling interests exercisable at any time after its establishment. The fair value as at June 30, 2021 amounted to RMB102,530,000 (December 31, 2020: RMB110,100,000). 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.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at June 30, 2021 <i>RMB'000</i> (unaudited)	As at December 31, 2020 <i>RMB'000</i> (audited)
Listed financial bonds	816,483	252,696

The total cost of the financial bonds as at June 30, 2021 was RMB796,651,000 (December 31, 2020: RMB248,127,000) and the fair value as at June 30, 2021 was RMB816,483,000 (December 31, 2020: RMB252,696,000) and with changes in fair value recorded in other comprehensive expense in the condensed consolidated statement of profit or loss and other comprehensive income. The expected credit losses of financial bonds amounting to RMB192,000 as at June 30, 2021 (December 31, 2020: RMB60,000) was recognized in other reserves.

13. ACCOUNTS AND OTHER RECEIVABLES

	As at June 30, 2021 <i>RMB'000</i> (unaudited)	As at December 31, 2020 <i>RMB'000</i> (audited)
Accounts receivables		
— Accounts receivable (<i>Note i</i>)	141,425	295,877
— Open trade receivable (<i>Note ii</i>)	1,200,465	1,795,521
Financial assets purchased under resale agreements	7,600	279,595
Advance to suppliers	16,311	15,313
Other receivables		
— Refundable deposits	247,278	457,189
— Staff loans	17,224	17,313
— Value-added tax recoverable	2,227	6,908
Others	13,732	13,135
Subtotal	1,646,262	2,880,851
Less: Impairment loss allowance	(971)	(3,125)
Total	1,645,291	2,877,726

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, 2021 RMB'000 (unaudited)	As at December 31, 2020 RMB'000 (audited)
0–30 days	106,270	214,690
31–60 days	1,454	58,346
61–90 days	19,523	13,961
91–180 days	6,430	6,308
181–360 days	6,744	—
> 360 days	530	200
	<u>140,951</u>	<u>293,505</u>

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

Details of the impairment assessment are set out in Note 14.

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

	Six months ended June 30, 2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Impairment loss recognized in respect of		
Accounts and other receivables	(2,668)	200
Loans to third parties	16,414	(1,437)
Amounts due from related parties	901	1,443
Financial assets at fair value through other comprehensive income ("FVTOCI")	132	—
Other financial assets	(13)	(7)
	<u>14,766</u>	<u>199</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, 2021 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2020.

15. ACCOUNTS AND OTHER PAYABLES

	As at June 30, 2021 RMB'000 (unaudited)	As at December 31, 2020 RMB'000 (audited)
Salaries, bonus and other benefit payables	714,213	613,759
Open trade payable (<i>note a</i>)	1,189,011	1,748,736
Payable to brokerage clients (<i>note a</i>)	1,209,455	410,274
Financial assets sold under repurchase agreements (<i>note a</i>) (<i>note b</i>)	1,900,249	1,030,215
Other payables	46,095	42,673
Consultancy fee payables	19,605	14,680
Carried interests to management team and other parties	3,085	245
Other tax payables	12,016	23,204
Accrued listing expenses and issue costs	225	228
Accrued expenses	15,552	19,342
Dividend payable	209,281	—
	<u>5,318,787</u>	<u>3,903,356</u>

Note 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.

Note b:

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

The proceeds from selling such securities in the Stock Exchanges 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 at 1.48% to 6.35% (December 31, 2020: 2.98% to 4.10%) per annum.

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

	As at June 30, 2021 RMB'000 (unaudited)	As at December 31, 2020 RMB'000 (audited)
Carrying amount of transferred assets		
— financial assets at FVTPL	1,930,008	1,223,188
— financial assets at FVTOCI	816,483	252,696
Carrying amount of associated liabilities	<u>(1,900,249)</u>	<u>(1,030,215)</u>
Net position	<u>846,242</u>	<u>445,669</u>

16. BANK BORROWINGS

During the current interim period, the Group obtained new bank loans amounting to RMB745,921,000 (six months ended June 30, 2020: RMB202,340,000) and repaid bank loans amounting to RMB357,881,000 (six months ended June 30, 2020: RMB147,256,000). The loans carry interest at fixed market rates per annum ranging from 2.09% to 4.35% (December 31, 2020: 2.19% to 5.90%) are repayable in instalments within one year or over a period of three years. The proceeds were used for daily operation for the Group.

17. SHARE CAPITAL

	Number of shares	Nominal value Per share US\$	Share capital US\$
Authorised			
At January 1, 2020, January 1, 2021 and June 30, 2021	2,000,000,000	0.000025	50,000
	Number of shares	Nominal value per share US\$	Share capital US\$
			Amount shown in the financial statements RMB
Issued and fully paid			
At January 1, 2020	541,379,012	0.000025	13,535
Shares repurchased and cancelled	(11,905,756)	0.000025	(298)
Exercise of share options	3,480,408	0.000025	87
At January 1, 2021	532,953,664	0.000025	13,324
Shares repurchased and cancelled (note)	(1,100)	0.000025	—
Shares issued to the Trusts	6,000,000	0.000025	150
Exercise of share options	11,786,812	0.000025	295
At June 30, 2021	550,739,376	0.000025	13,769

	As at June 30, 2021 RMB'000 (unaudited)	As at December 31, 2020 RMB'000 (audited)
Presented as	90	87

Note:

100 ordinary shares were repurchased and cancelled during the six months ended June 30, 2021. Besides, 1,000 shares repurchased in December 2020 were cancelled in February 2021.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.huaxing.com. The interim report of the Group for the six months ended June 30, 2021 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Shareholders in due course.

By order of the Board
China Renaissance Holdings Limited
Bao Fan
Chairman and Executive Director

Hong Kong, August 23, 2021

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