

华兴资本

**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

20  
20

INTERIM REPORT





# CONTENTS

Corporate Information	2
Summary of Financial Information	4
Management Discussion and Analysis	7
Other Information	26
Report on Review of Condensed	
Consolidated Financial Statements	37
Condensed Consolidated Statement of	
Profit or Loss and Other Comprehensive	
Income	38
Condensed Consolidated Statement of	
Financial Position	40
Condensed Consolidated Statement of	
Changes In Equity	42
Condensed Consolidated Statement of	
Cash Flows	44
Notes to the Condensed Consolidated	
Financial Statements	47
Definitions	84

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Bao Fan (*Chairman*)  
Mr. Xie Yi Jing  
Mr. Du Yongbo (Resigned on August 22, 2020)  
Mr. Wang Lixing (Appointed on August 22, 2020)

### Non-Executive Directors

Mr. Li Shujun  
Mr. Li Eric Xun  
Mr. Liu Xing (Appointed on June 11, 2020)  
Mr. Neil Nanpeng Shen (Retired on June 11, 2020)

### Independent Non-Executive Directors

Ms. Yao Jue  
Mr. Ye Junying  
Mr. Zhao Yue

## AUDIT COMMITTEE

Ms. Yao Jue (*Chairman*)  
Mr. Ye Junying  
Mr. Zhao Yue

## REMUNERATION COMMITTEE

Mr. Ye Junying (*Chairman*)  
Mr. Bao Fan  
Mr. Zhao Yue

## NOMINATION COMMITTEE

Mr. Bao Fan (*Chairman*)  
Ms. Yao Jue  
Mr. Zhao Yue

## COMPANY SECRETARY

Mr. Yee, Ming Cheung Lawrence

## AUTHORIZED REPRESENTATIVES

Mr. Xie Yi Jing  
Mr. Yee, Ming Cheung Lawrence

## AUDITOR

Deloitte Touche Tohmatsu  
*Certified Public Accountants*  
35/F One Pacific Place, 88 Queensway  
Hong Kong

## COMPANY ADDRESS

### Registered Office

The offices of Maples Corporate Services Limited  
P.O. Box 309  
Ugland House  
Grand Cayman, KY1-1104,  
Cayman Islands

### Principal Place of Business in China

Pacific Century Place, Gate 1, Space 8  
No. 2A Workers' Stadium North Road  
Chaoyang District  
Beijing 100027, China

### Principal Place of Business in Hong Kong

Units 8107-08, Level 81  
International Commerce Centre  
1 Austin Road West  
Kowloon, Hong Kong

## LEGAL ADVISORS

*As to Hong Kong law and United States law*  
Skadden, Arps, Slate, Meagher & Flom and  
affiliates

*As to the laws of mainland China*  
Commerce & Finance Law Offices

*As to BVI and Cayman Islands law*  
Maples and Calder (Hong Kong) LLP

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor  
Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## CORPORATE INFORMATION (CONTINUED)

### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Maples Fund Services (Cayman) Limited  
PO Box 1093, Boundary Hall  
Cricket Square  
Grand Cayman, KY1-1102  
Cayman Islands

### **PRINCIPAL BANKS**

Silicon Valley Bank  
China Merchants Bank  
China Minsheng Bank  
Bank of Communications  
Bank of China  
Bank of Hangzhou

### **STOCK CODE**

1911

### **COMPANY WEBSITE**

<http://www.huaxing.com/>

# SUMMARY OF FINANCIAL INFORMATION

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 interim report, including the related notes. Our financial information was prepared in accordance with IFRS.

## SUMMARY OF CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended	
	June 30,	
	2020	2019
	RMB'000	RMB'000 (Restated)
<b>Total revenue</b>	<b>539,637</b>	626,996
<b>Total revenue and net investment gains</b>	<b>1,167,430</b>	784,883
<b>Total operating expenses</b>	<b>(699,554)</b>	(598,527)
<b>Operating profit</b>	<b>467,876</b>	186,356
<b>Profit before tax</b>	<b>473,409</b>	251,005
Income tax expenses	<b>(44,438)</b>	(48,383)
<b>Profit for the period</b>	<b>428,971</b>	202,622
<b>Profit for the period attributable to owners of the Company</b>	<b>407,357</b>	176,766
Annualized return on average equity	<b>15.3%</b>	7.1%

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 Shareholders should not consider it in isolation from, or as substitute for analysis of, or our results of operations as reported under IFRS.

## SUMMARY OF FINANCIAL INFORMATION (CONTINUED)

	For the six months ended	
	June 30,	
	2020	2019
	RMB'000	RMB'000 (restated)
<b>Profit for the period attributable to owners of the Company</b>	<b>407,357</b>	176,766
Add:		
Share-based payment expenses	<b>35,516</b>	35,323
<b>Subtotal before adjustments relating to carried interest</b>	<b>442,873</b>	212,089
Add:		
Unrealized net carried interest <sup>(1)</sup>	<b>184,093</b>	46,208
<b>Non-IFRS Measure: Adjusted net profit attributable to owners of the Company (unaudited)<sup>(2)</sup></b>	<b>626,966</b>	258,297

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,	
	2020	2019
	RMB'000	RMB'000 (restated)
Unrealized income from carried interest	<b>808,574</b>	149,628
Carried interest to management team and other parties	<b>(624,481)</b>	(103,420)
<b>Unrealized net carried interest</b>	<b>184,093</b>	46,208

The unrealized income from carried interest is based on the underlying fair value change of the respective funds under our investment management business. The unrealized income from carried interest is allocated to us based on the cumulative fund performance to date, subject to the achievement of minimum return levels to limited partners. At the end of each reporting period, we calculate the unrealized income from carried interest that would be due to us for each fund, pursuant to the relevant fund agreements, as if the fair value of the underlying investments were realized as of such date, irrespective of whether such amounts have been realized. As of June 30, 2020, accumulated unrealized income from carried interest and unrealized net carried interest were RMB2.5 billion and RMB0.7 billion, respectively. As the fair value of underlying investments varies among reporting periods, it is necessary to make adjustments to amounts presented as unrealized income from carried interest. Such adjustments may, in certain circumstances, reverse the unrealized income from carried interest reported in the prior period due to fluctuations in the value of the underlying investments.

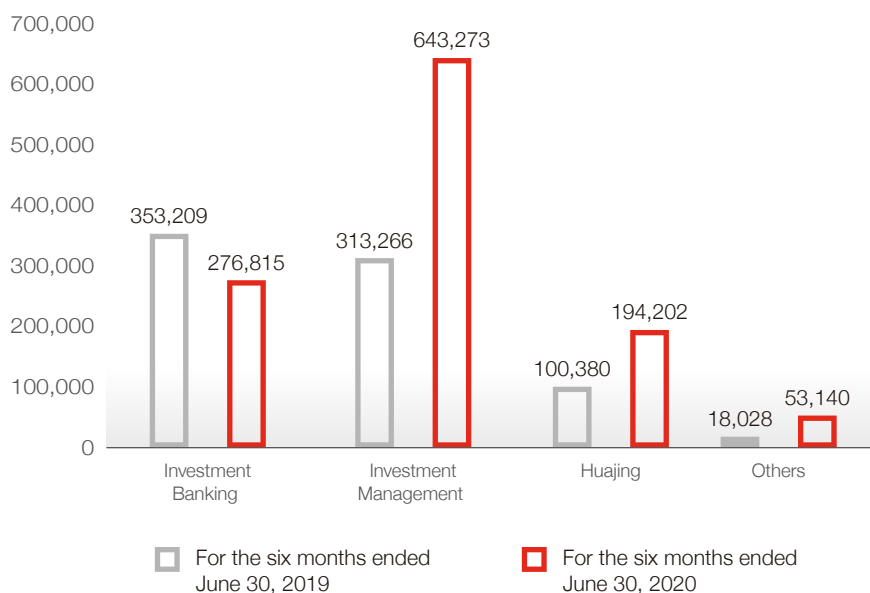
- (2) We define adjusted net profit attributable to owners of the Company as profit or loss for the period attributable to owners of the Company adjusted for the impact of (i) share-based payment expenses, (ii) unrealized income from carried interest, and (iii) carried interest to management team and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

## SUMMARY OF FINANCIAL INFORMATION (CONTINUED)

### SEGMENT PERFORMANCE

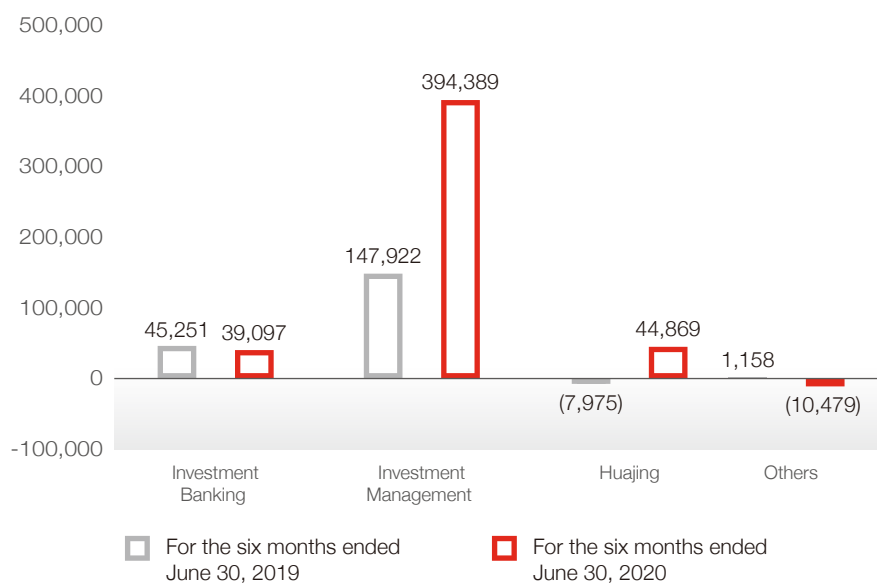
#### Revenue and Net Investment Gains by Segment

(RMB'000)



#### Operating Profit (Loss) by Segment

(RMB'000)





# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

First half of 2020 went by fraught with tension, with COVID-19 and geopolitical issues testing the agility and tenacity of all parties involved. For China Renaissance, the events this year have served as a propellant to our accelerated transformation. The Company is well prepared to forge ahead, putting ourselves ahead of our rivals in scale and in sophistication.

Our interim results of the Reporting Period saw substantial investment gains realized as a result of optimized capital allocation towards higher return assets, such as principal investments into our actively managed investment management funds. Not only are such investment gains conducive to our earnings, they are also highly synergistic with our fee-generating business operations, galvanized into accelerated motion. Our cash position at Group level as of June 30, 2020 amounted to RMB4.6 billion, of which RMB2.5 billion sat at Huajing Securities. Returns on Huajing's use of funds had been hampered by license restrictions in preceding reporting periods, but there is notable upside with principal investment and financial product distribution licenses expected to take effect from the second half of 2020 onwards.

Our 15.3% annualized ROAE in first half of 2020 was stronger than expected, yet by no means a fluke. Contrast to the 20% ROAE at Group level (excluding Huajing Securities), ROAE at Huajing Securities itself was merely 1% constrained by investment scope, as aforementioned. We have confidence in our overall ROAE to be maintained at a relatively high level and profit burgeoning in 2021 and 2022, with contributions from: 1) unrealized carried interest progressively becoming realized gains; 2) higher efficiency in capital utilization and higher leverage at Huajing Securities; 3) stronger investment banking pipelines.

Investment management segment, accounting for 55.1% of total revenue for the first half of 2020, has started to reap the benefits from the build-up of investments in previous years. The strong performance of our private equity funds, with average IRR of 33.0%, have paved way for better prospects of future fundraising and AUM expansion. Considering the relatively high returns, China Renaissance also plans to commit more principal investments into our funds. Since the establishment of this segment in 2013, our funds have accumulated nearly RMB700 million in net unrealized carried interest, which are expected to be gradually realized as net profit in the next 3–4 years as relevant funds start to exit. Separately, in first half of 2020, we reported RMB20.9 million in realized carried interest. Total AUM as of June 30, 2020 amounted to RMB39.0 billion, comprising RMB24.5 billion of Huaxing Growth Capital, RMB4.0 billion of Huaxing Healthcare Capital, and RMB10.5 billion of project funds. We expect fund performance to maintain a robust trajectory in second half of 2020 and 2021.

Our investment banking businesses have been increasingly integrated with Huajing Securities, the linchpin to our domestic operations. Notwithstanding external conditions, China Renaissance has long prepared for the seismic shift of Chinese companies' listing preferences, thus having obtained licenses across mainland China, Hong Kong, and the United States of America since 2016. Our unremitting commitment to domestic markets, i.e. A-share market and Hong Kong market, resonates at every entity within our Group, as we strive towards our goal of becoming the consummate investment bank for new economy. China Renaissance remains as good a partner in adversity as in prosperity for our clients. Although COVID-19 caused some delays in project progress and revenue recognition

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### BUSINESS REVIEW (CONTINUED)

in first half of 2020, our clients, along with ourselves, would still emerge from the pandemic relatively unscathed. Over the past three years, the Company has been investing considerable resources in strengthening IPO underwriting, sales and trading, and Huajing Securities, recruiting top talents, and thus expanding our business realm and revenue sources. We expect stronger revenue momentum from our investment banking pipelines in the next 6–18 months.

Wealth management business development stayed on track for first half of 2020, gaining traction amongst new economy clients, and well poised to attain synergies with our investment banking and investment management businesses, complementing our three-pronged long-term strategy.

### 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,			
	2020	2019	Change	% of change
	RMB'000	RMB'000	RMB'000	
		(restated)		
<b>Business Segment</b>				
Investment Banking	276,815	353,209	(76,394)	-21.6%
Investment Management	643,273	313,266	330,007	105.3%
Huajing	194,202	100,380	93,822	93.5%
Others	53,140	18,028	35,112	194.8%
<b>Total revenue and net investment gains</b>	<b>1,167,430</b>	<b>784,883</b>	<b>382,547</b>	<b>48.7%</b>

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

	For the six months ended			
	June 30,			
	2020	2019	Change	% of change
	RMB'000	RMB'000	RMB'000	
		(restated)		
<b>Business Segment</b>				
Investment Banking	39,097	45,251	(6,154)	-13.6%
Investment Management	394,389	147,922	246,467	166.6%
Huajing	44,869	(7,975)	52,844	n.m.
Others	(10,479)	1,158	(11,637)	n.m.
<b>Operating profit</b>	<b>467,876</b>	<b>186,356</b>	<b>281,520</b>	<b>151.1%</b>

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### SEGMENT PERFORMANCE (CONTINUED)

#### 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,			
	2020	2019	Change	% of change
	RMB'000	RMB'000 (Restated)	RMB'000	
<b>Investment Banking</b>				
Advisory services	192,049	281,581	(89,532)	-31.8%
Equity underwriting	21,294	27,478	(6,184)	-22.5%
Sales, trading, and brokerage	55,152	40,080	15,072	37.6%
Interest income	2,618	2,882	(264)	-9.2%
<b>Segment revenue</b>	<b>271,113</b>	352,021	(80,908)	-23.0%
Net investment gains	5,702	1,188	4,514	380.0%
<b>Segment revenue and net investment gains</b>	<b>276,815</b>	353,209	(76,394)	-21.6%
Compensation and benefit expenses	(165,953)	(227,214)	61,261	-27.0%
Impairment loss under expected credit loss model, net of reversal	(177)	1,462	(1,639)	-112.1%
Other operating expenses	(71,588)	(82,206)	10,618	-12.9%
<b>Segment operating expenses</b>	<b>(237,718)</b>	(307,958)	70,240	-22.8%
<b>Segment operating profit</b>	<b>39,097</b>	45,251	(6,154)	-13.6%
Segment operating margin	14.1%	12.8%		

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### SEGMENT PERFORMANCE (CONTINUED)

#### Investment Banking (Continued)

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,	
	2020	2019
	RMB in million	RMB in million
Advisory services	21,891	52,766
Equity underwriting	33,991	16,532
<b>Total</b>	<b>55,882</b>	69,298

#### Segment Revenue and Net Investment Gains

Investment banking revenue was RMB271.1 million for the six months ended June 30, 2020, a decrease of 23.0% from the six months ended June 30, 2019. This decrease was primarily due to a decrease in private placement advisory fees and merger and acquisition advisory revenue resulting from challenges in the domestic and global economic/financial landscapes and delay on execution due to the impact of COVID-19, partially offset by 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 RMB4.1 million for the six months ended June 30, 2019 to RMB8.3 million for the six months ended June 30, 2020 mainly due to increase in structure finance related products from second half of 2019.

#### Segment Operating Expenses

For the investment banking segment, segment operating expenses decreased by 22.8% from RMB308.0 million for the six months ended June 30, 2019 to RMB237.7 million for the six months ended June 30, 2020, which was primarily attributed to the decrease in compensation and benefit expenses from RMB227.2 million for the six months ended June 30, 2019 to RMB166.0 million for the six months ended June 30, 2020.

#### Segment Operating Profit

For the investment banking segment, segment operating profit was RMB39.1 million for the six months ended June 30, 2020, a decrease of 13.6% from the six months ended June 30, 2019. Segment operating margin increased from 12.8% for the six months ended June 30, 2019 to 14.1% for the six months ended June 30, 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### SEGMENT PERFORMANCE (CONTINUED)

#### 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,			
	2020	2019	Change	% of change
	RMB'000	RMB'000	RMB'000	
		(Restated)		
<b>Investment Management</b>				
Management fees	199,534	219,327	(19,793)	-9.0%
Realized income from carried interest	20,931	32,390	(11,459)	-35.4%
<b>Segment revenue</b>	<b>220,465</b>	251,717	(31,252)	-12.4%
Net investment gains	422,808	61,549	361,259	586.9%
<b>Segment revenue and net investment gains</b>	<b>643,273</b>	313,266	330,007	105.3%
Compensation and benefit expenses	(167,020)	(61,051)	(105,969)	173.6%
Carried interest to management team and other parties	(13,955)	(22,348)	8,393	-37.6%
Investment gains attributable to interest holders of consolidated structured entities	(24,811)	(13,884)	(10,927)	78.7%
Impairment loss under expected credit loss model, net of reversal	(116)	(332)	216	-65.1%
Other operating expenses	(42,982)	(67,729)	24,747	-36.5%
<b>Segment operating expenses</b>	<b>(248,884)</b>	(165,344)	(83,540)	50.5%
<b>Segment operating profit</b>	<b>394,389</b>	147,922	246,467	166.6%
Segment operating margin	61.3%	47.2%		
Unrealized income from carried interest	808,574	149,628	658,946	440.4%
Carried interest to management team and other parties	(624,481)	(103,420)	(521,061)	503.8%
<b>Unrealized net carried interest</b>	<b>184,093</b>	46,208	137,885	298.4%
<b>Adjusted segment operating profit</b>	<b>578,482</b>	194,130	384,352	198.0%

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### SEGMENT PERFORMANCE (CONTINUED)

#### Investment Management (Continued)

The following table sets forth a breakdown of net investment gains of the investment management business for the periods indicated.

	For the six months ended			
	June 30,			
	2020	2019	Change	% of change
	RMB'000	RMB'000	RMB'000	
		(restated)		
<b>Net investment gains</b>				
Investments in our own private equity funds in our capacity as a general partner and limited partner	400,695	29,861	370,834	1,241.9%
Investments in third-party private equity funds in our capacity as a limited partner	22,113	31,688	(9,575)	-30.2%
<b>Total</b>	<b>422,808</b>	<b>61,549</b>	<b>361,259</b>	<b>586.9%</b>

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

	As of June 30, 2020	As of December 31, 2019
	RMB in million	RMB in million
Committed Capital	26,899	26,055
Invested Capital	18,903	16,629
AUM	38,982	34,236

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### SEGMENT PERFORMANCE (CONTINUED)

#### Investment Management (Continued)

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

	Committed Capital	Invested Capital	Fair Value of Investments			Gross Multiple of Invested Capital <sup>(2)</sup>
			Realized <sup>(1)</sup>	Unrealized	Total	
RMB in million except multiples						
<b>As of June 30, 2020</b>						
Main Funds <sup>(3)</sup>	20,569	12,967	3,338	21,249	24,587	1.9
Project Funds	6,330	5,936	912	10,064	10,976	1.8
<b>Total</b>	<b>26,899</b>	<b>18,903</b>	<b>4,250</b>	<b>31,313</b>	<b>35,563</b>	<b>1.9</b>
<b>As of December 31, 2019</b>						
Main Funds <sup>(3)</sup>	20,091	10,698	2,522	16,567	19,089	1.8
Project Funds	5,964	5,931	372	8,753	9,125	1.5
<b>Total</b>	<b>26,055</b>	<b>16,629</b>	<b>2,894</b>	<b>25,320</b>	<b>28,214</b>	<b>1.7</b>

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

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

(3) As of June 30, 2020 and December 31, 2019, 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, total revenue decreased by 12.4% from RMB251.7 million for the six months ended June 30, 2019 to RMB220.5 million for the six months ended June 30, 2020. Management fees decreased by 9.0% from RMB219.3 million for the six months ended June 30, 2019 to RMB199.5 million for the six months ended June 30, 2020. This decrease was primarily due to the slower inflow of new capital commitment in the first half year of 2020 compared to the corresponding period in 2019. The committed capital and AUM of our private equity funds were RMB26.9 billion and RMB39.0 billion as of June 30, 2020, representing an increase of 3.2% and of 13.9% from the end of 2019, respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### SEGMENT PERFORMANCE (CONTINUED)

#### Investment Management (Continued)

##### *Segment Revenue and Net Investment Gains (Continued)*

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 RMB61.5 million for the six months ended June 30, 2019 to RMB422.8 million for the six months ended June 30, 2020 resulting from the appreciation in value of the portfolio companies investments in our own private equity funds. As of June 30, 2020, IRR of investment in our own private equity funds and third-party private equity funds were 33.0% and 21.0%, respectively.

During the six months ended June 30, 2020, the total return of a project 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 35.4% from RMB32.4 million for the six months ended June 30, 2019 to RMB20.9 million for the six months ended June 30, 2020.

##### *Segment Operating Expenses*

For the investment management segment, segment operating expenses increased by 50.5% from RMB165.3 million for the six months ended June 30, 2019 to RMB248.9 million for the six months ended June 30, 2020. This increase was primarily due to the (i) increase in our compensation and benefit expenses, (ii) investment gains attributable to interest holders of consolidated structured entities.

##### *Segment Operating Profit*

For the investment management segment, segment operating profit increased by 166.6% from RMB147.9 million for the six months ended June 30, 2019 to RMB394.4 million for the six months ended June 30, 2020. Segment operating margin improved from 47.2% for the six months ended June 30, 2019 to 61.3% for the six months ended June 30, 2020.

##### *Unrealized Net Carried Interest and Adjusted Segment Operating Profit*

Unrealized net carried interest, calculated as unrealized income from carried interest subtracting carried interest to management team and other parties, increased by 298.4% from RMB46.2 million for the six months ended June 30, 2019 to RMB184.1 million for the six months ended June 30, 2020. Unrealized income from carried interest increased by 440.4% from RMB149.6 million for the six months ended June 30, 2019 to RMB808.6 million for the six months ended June 30, 2020 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 503.8% from RMB103.4 million for the six months ended June 30, 2019 to RMB624.5 million for the six months ended June 30, 2020, in line with the increase of unrealized income from carried interest.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### SEGMENT PERFORMANCE (CONTINUED)

#### Huajing

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

	For the six months ended			
	June 30,		Change RMB'000	% of change
	2020 RMB'000	2019 RMB'000 (Restated)		
<b>Huajing Segment revenue</b>	<b>19,124</b>	21,629	(2,505)	-11.6%
<b>Segment revenue and net investment gains</b>	<b>194,202</b>	100,380	93,822	93.5%
Compensation and benefit expenses	<b>(102,976)</b>	(62,629)	(40,347)	64.4%
Investment gains attributable to interest holders of consolidated structured entities	<b>(16,953)</b>	(14,836)	(2,117)	14.3%
Impairment loss under expected credit loss model, net of reversal	—	(275)	275	-100.0%
Finance cost	<b>(454)</b>	(521)	67	-12.9%
Other operating expenses	<b>(28,950)</b>	(30,094)	1,144	-3.8%
<b>Segment operating expenses</b>	<b>(149,333)</b>	(108,355)	(40,978)	37.8%
<b>Segment operating profit (loss)</b>	<b>44,869</b>	(7,975)	52,844	n.m.

#### Segment Revenue and Net Investment Gains

For the Huajing segment, segment revenue and net investment gains were RMB194.2 million for the six months ended June 30, 2020, an increase of 93.5% from the six months ended June 30, 2019. This increase was primarily due to an increase in appreciation of investment in an listed equity in the STAR market of Shanghai Stock Exchange.

#### Segment Operating Expenses

For the Huajing segment, segment operating expenses increased by 37.8% from RMB108.4 million for the six months ended June 30, 2019 to RMB149.3 million for the six months ended June 30, 2020. This increase was primarily due to the increase in compensation and benefit expense.

#### Segment Operating Profit (Loss)

For the Huajing segment, segment operating profit was RMB44.9 million for the six months ended June 30, 2020, as compared to segment operating loss of RMB8.0 million for the six months ended June 30, 2019.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### SEGMENT PERFORMANCE (CONTINUED)

#### Others

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

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

	For the six months ended			
	June 30,			
	2020	2019	Change	% of change
	RMB'000	RMB'000	RMB'000	
<b>Others</b>				
<b>Segment revenue</b>	<b>28,935</b>	1,629	27,306	1,676.2%
<b>Segment revenue and net investment gains</b>	<b>53,140</b>	18,028	35,112	194.8%
Compensation and benefit expenses	(46,476)	(12,506)	(33,970)	271.6%
Impairment loss under expected credit loss model, net of reversal	94	(10)	104	n.m.
Finance cost	(5,057)	(1,915)	(3,142)	164.1%
Other operating expenses	(12,180)	(2,439)	(9,741)	399.4%
<b>Segment operating expenses</b>	<b>(63,619)</b>	(16,870)	(46,749)	277.1%
<b>Segment operating (loss) profit</b>	<b>(10,479)</b>	1,158	(11,637)	n.m.

#### Segment Revenue and Net Investment Gains

For the others segment, total revenue and net investment gains were RMB53.1 million for the six months ended June 30, 2020, increased significantly from RMB18.0 million for the six months ended June 30, 2019. This increase was primarily due to expansion of wealth management business as well as increased returns on cash management products.

#### Segment Operating Expenses

For others segment, segment operating expenses increased by 277.1% from RMB16.9 million for the six months ended June 30, 2019 to RMB63.6 million for the six months ended June 30, 2020. This increase was primarily due to (i) an increase in compensation and benefit expense resulting from an increase in number of employees of wealth management business and (ii) an increase in other operating expense in connection with the expansion of wealth management business.

#### Segment Operating Profit

For the others segment, total segment operating loss was RMB10.5 million for the six months ended June 30, 2020, as compared to segment operating profit of RMB1.2 million for the six months ended June 30, 2019.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 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			
	2020	2019	Change	% of change
	RMB'000	RMB'000 (Restated)	RMB'000	
Transaction and advisory fees	278,585	358,131	(79,546)	-22.2%
Management fees	204,707	219,327	(14,620)	-6.7%
Interest income	35,414	17,148	18,266	106.5%
Realized income from carried interest	20,931	32,390	(11,459)	-35.4%
<b>Total revenue</b>	<b>539,637</b>	626,996	(87,359)	-13.9%
Net investment gains	627,793	157,887	469,906	297.6%
<b>Total revenue and net investment gains</b>	<b>1,167,430</b>	784,883	382,547	48.7%

Total revenue was RMB539.6 million for the six months ended June 30, 2020, a decrease by 13.9%, from RMB627.0 million for the six months ended June 30, 2019.

- Transaction and advisory fees were RMB278.6 million, a decrease of 22.2% from the prior period.
- Management fees were RMB204.7 million, a decrease of 6.7% from the prior period.
- Interest income was RMB35.4 million, an increase of 106.5% from the prior period.
- Realized income from carried interest was RMB20.9 million, a decrease of 35.4% 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 RMB157.9 million for the six months ended June 30, 2019 to RMB627.8 million for the six months ended June 30, 2020.

Total revenue and net investment gains were RMB1,167.4 million for the six months ended June 30, 2020, an increase of 48.7% from RMB784.9 million for the six months ended June 30, 2019.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### RESULTS OF OPERATIONS (CONTINUED)

#### Operating Expenses

Total operating expenses increased by 16.9% from RMB598.5 million for the six months ended June 30, 2019 to RMB699.6 million for the six months ended June 30, 2020.

Compensation and benefit expenses increased by 32.8% from RMB363.4 million for the six months ended June 30, 2019 to RMB482.4 million for the six months ended June 30, 2020. Among compensation and benefit expenses, share-based compensation remained stable at RMB35.5 million for the six months ended June 30, 2020, as compared to RMB35.3 million for the six months ended June 30, 2019.

Finance costs increased from RMB2.4 million for the six months ended June 30, 2019 to RMB5.5 million for the six months ended June 30, 2020. This increase in interest expense was primarily due to new bank borrowings drawn in the first half year of 2020.

Provision of impairment losses under expected credit loss model was RMB0.2 million for the six months ended June 30, 2020, as compared to reversal of impairment loss under expected credit loss model of RMB0.8 million for the six months ended June 30, 2019.

Other operating expenses decreased by 14.7% from RMB182.5 million for the six months ended June 30, 2019 to RMB155.7 million for the six months ended June 30, 2020. The decrease was primarily due to the Group's effective cost control.

#### Operating Profit

Operating profit was RMB467.9 million for the six months ended June 30, 2020, an increase of 151.1% from RMB186.4 million for the six months ended June 30, 2019.

#### Other Income, Gains or Losses

Other gains were RMB8.1 million for the six months ended June 30, 2020, decreased by 86.9% from RMB61.9 million for the six months ended June 30, 2019. Other gains or loss mainly came from government grants, income for disposal of a subsidiary, charitable donations and net exchange (loss) gain. 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.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### RESULTS OF OPERATIONS (CONTINUED)

#### Investment Income arising from Certain Incidental and Ancillary Investments (Continued)

Investment income decreased from RMB5.3 million for the six months ended June 30, 2019 to nil for the six months ended June 30, 2020 mainly due to no change in the fair value of strategic minority equity investments for the six months ended June 30, 2020.

#### Share of Results of Associates

Share of loss of associates decreased from RMB2.5 million for the six months ended June 30, 2019 to RMB1.5 million for the six months ended June 30, 2020. The decrease was mainly attributable to the narrowed losses of the associated companies for the six months ended June 30, 2020.

#### Share of Results of a Joint Venture

Share of loss of a joint venture was RMB1.1 million for the six months ended June 30, 2020 mainly because the joint venture company operated at a loss for the six months ended June 30, 2020.

#### Profit before Tax

Profit before tax was RMB473.4 million for the six months ended June 30, 2020, increased by 88.6% from RMB251.0 million for the six months ended June 30, 2019.

#### Income Tax Expense

Income tax expense was RMB44.4 million and RMB48.4 million for the six months ended June 30, 2020 and 2019, respectively. The decrease was primarily due to less taxable income generated for the six months ended June 30, 2020.

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

Profit for the period was RMB429.0 million and RMB202.6 million for the six months ended June 30, 2020 and 2019, respectively. Profit attributable to owners of the Company was RMB407.4 million and RMB176.8 million for the six months ended June 30, 2020 and 2019, 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 RMB212.1 million for the six months ended June 30, 2019 to RMB442.9 million for the six months ended June 30, 2020. Unrealized net carried interest, calculated as unrealized income from carried interest subtracting carried interest to management team and other parties, increased from RMB46.2 million for the six months ended June 30, 2019 to RMB184.1 million for the six months ended June 30, 2020. Adjusted net profit attributable to owners of the Company with unrealized net carried interest increased from RMB258.3 million for the six months ended June 30, 2019 to RMB627.0 million for the six months ended June 30, 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### CASH FLOWS

During the six months ended June 30, 2020, we funded working capital and other capital requirements primarily from cash generated from our business operations. We have primarily used cash to fund our capital expenditures and working capital for our business expansion.

We generally deposit our excess cash in interest bearing bank accounts and current accounts and invest in investment-grade financial bonds and other cash management investments. As of June 30, 2020, we had aggregate cash and cash equivalents of RMB1,259.4 million. Excluding Huajing Securities, we had cash and cash equivalents of RMB693.2 million. Excluding Huajing Securities, we had cash and cash equivalents, term deposits, pledged bank deposits, financial assets at fair value through profit or loss (current portion) and other financial assets (current portion) of RMB2,044.0 million.

### Cash Flows from Operating Activities

Cash generated from operating activities consists primarily of our transaction and advisory fees, management fees, interest income and realized net investment gains received. Cash used in operating activities mainly comprises of investments in cash management products and contribution in the working capital. Cash flow from operating activities reflects: (i) profit or loss before income tax adjusted for non-cash and non-operating items, such as depreciation of property and equipment, amortization of intangible assets, net investment gains, interest income, finance costs, investment income arising from certain incidental and ancillary investments, gain on disposal of a subsidiary, impairment losses under expected credit loss model, net of reversal, investment gains or losses attributable to other holders of consolidated structured entities, share of results of associates, share of results of a joint venture and share-based payment expense; (ii) the effects of movements in working capital, such as increase or decrease in accounts and other receivables, cash held on behalf of brokerage clients, amounts due from related parties, amounts due to related parties, accounts and other payables and contract liabilities; (iii) increase or decrease in financial assets at fair value through profit or loss; and (iv) other cash items such as interest received and income tax paid.

For the six months ended June 30, 2020, we had net cash generated from operating activities of RMB152.8 million, resulting from our profit before income tax of RMB473.4 million adjusted for non-cash and non-operating items of RMB536.6 million, income tax payment of RMB58.2 million, interest earned of RMB27.7 million and positive movements in working capital of RMB246.6 million. Positive movements in working capital primarily reflected: (i) a decrease of RMB510.5 million in cash held on behalf of brokerage clients, (ii) a decrease of RMB393.6 million in financial assets at fair value through profit or loss, (iii) an increase of RMB449.9 in accounts and other payables, and (iv) an increase of RMB136.3 million in contract liabilities, and offset by (v) an increase of RMB841.9 million in accounts and other receivables in connection with our business operations, (vi) a decrease of RMB396.8 million in amounts due to related parties and (vii) an increase of RMB5.0 million in amounts due from related parties.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### CASH FLOWS (CONTINUED)

#### Cash Flows from Operating Activities (Continued)

For the six months ended June 30, 2019, we had net cash generated from operating activities of RMB249.2 million, resulting from our profit before income tax of RMB251.0 million adjusted for non-cash and non-operating items of RMB123.2 million, income tax payment of RMB67.1 million, interest earned of RMB46.0 million and positive movements in working capital of RMB142.5 million. Positive movements in working capital primarily reflected: (i) a decrease of RMB190.7 million in accounts and other receivables in connection with our business operations, (ii) an increase of RMB51.1 million in amounts due to related parties, (iii) an increase of RMB137.0 million in contract liabilities; (iv) an increase of RMB11.0 million in financial assets sold under repurchase agreement and (v) an increase of RMB1.3 million in accounts and other payables, and offset by (vi) an increase of RMB211.1 million in financial assets at fair value through profit or loss and (vii) an increase of RMB37.4 million in amounts due from related parties.

#### Cash Flows from Investing Activities

Cash outflows from investing activities primarily consist of our purchase of property and equipment, intangible assets, financial assets at fair value through profit or loss (non-current), term deposits, investments in associates, loan receivables and other financial assets. Cash inflows from investing activities primarily consist of proceeds from disposal of financial assets at fair value through profit or loss, proceeds from disposal of financial bonds, proceeds from disposal of other financial assets, maturity of term deposits, and repayment of loan receivables.

For the six months ended June 30, 2020, net cash generated from investing activities was RMB23.9 million, primarily due to (i) net proceeds of RMB271.6 million from the maturity of term deposits, (ii) proceeds of RMB78.9 million from disposal of other financial assets, (iii) repayment of loan from third parties of RMB53.0 million, (iv) proceeds of RMB4.2 million from disposal of financial assets at fair value through profit or loss (v) repayment of RMB3.8 million from related parties, and offset by (vi) loans to third parties of RMB274.9 million, (vii) acquisition of investments in associates of RMB76.2 million; (viii) net cash outflows for the purchase of financial assets at fair value through profit or loss of RMB13.8 million, (ix) purchase of intangible assets of RMB12.1 million, (x) advance to related parties of RMB7.6 million and (xi) purchase of property and equipment of RMB2.9 million.

For the six months ended June 30, 2019, net cash generated from investing activities was RMB455.7 million, primarily due to (i) net proceeds of RMB1,011.8 million from the maturity of term deposits, (ii) proceeds of RMB258.0 million from disposal of financial assets at fair value through other comprehensive income and offset by (iii) net cash outflows from purchase of financial assets at fair value through profit or loss of RMB537.8 million, (iv) investments in associated companies of RMB87.3 million, (v) cash outflows from purchase of other financial assets of RMB162.2 million, (vi) loans to third parties of RMB19.7 million, (vii) purchase of property and equipment of RMB7.3 million and (viii) payment for rental deposit of RMB1.7 million.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### CASH FLOWS (CONTINUED)

#### Cash Flows from Financing Activities

Financing activities primarily consist of bank borrowings, issuance of ordinary shares for share options exercised, proceeds from financial liabilities at fair value through profit or loss, cash injection by third-party holders to consolidated structured entities, capital contribution from non-controlling shareholders, repayment of bank borrowings, repurchase of shares, distribution of dividends to Shareholders and non-controlling shareholders, cash repayment to third-party holders of consolidated structured entities, repayment of lease liabilities and interest paid on the banking borrowings.

For the six months ended June 30, 2020, net cash generated from financing activities was RMB47.9 million, primarily due to (i) proceeds of RMB202.3 million from bank borrowings, (ii) proceeds of RMB5.7 million from issuance of ordinary shares for share options exercised, (iii) cash injection by third-party holders of consolidated structured entities of RMB43.1 million; (iv) capital contribution from non-controlling shareholders of RMB0.5 million, (v) net proceeds of RMB127.6 million from financial liabilities at fair value through profit or loss and offset by (vi) repayment of bank borrowings of RMB147.3 million, (vii) payment on repurchase of shares of RMB108.8 million, (viii) cash repayment to third-party holders of consolidated structured entities of RMB39.9 million, (ix) repayments of leases liabilities of RMB27.4 million, (x) distribution of RMB4.7 million to non-controlling shareholders and (xi) interest paid for the bank borrowing of RMB3.5 million.

For the six months ended June 30, 2019, net cash generated from financing activities was RMB321.3 million, primarily due to (i) cash injection by third-party holders to consolidated structured entities of RMB446.9 million, (ii) capital contribution of RMB5.4 million from non-controlling shareholders, and partially offset by (iii) payment of RMB46.8 million for the purchase of shares to be held under share award scheme, (iv) payment of RMB28.4 million on repurchase of shares, (v) cash repayment of RMB25.0 million to third-party holders to consolidated structured entities (vi) repayment of lease liabilities RMB20.0 million, (vii) distribution to non-controlling shareholders of RMB7.5 million and (viii) interest paid of RMB3.4 million.

#### OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of June 30, 2020, 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 period ended June 30, 2020. The Group is aware of the need to use capital for further business expansion, continuously seeking various means of financing. As of June 30, 2020, the Group had RMB183.2 million of outstanding bank borrowings and held credit facilities from authorized institutions in aggregate principal amount of RMB1,028.3 million.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 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, 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 15.5% as of June 30, 2020, compared with 10.4% as of December 31, 2019. The increase was mainly due to an increase of advanced management fees from funds managed by the Group and outstanding bank borrowings as of June 30, 2020.

### SIGNIFICANT INVESTMENTS HELD

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

	<b>As of June 30, 2020 RMB'000</b>	<b>As of December 31, 2019 RMB'000</b>
Investments in our own private equity funds in our capacity as a general partner	<b>490,738</b>	346,188
Investments in our own private equity funds in our capacity as a limited partner	<b>683,413</b>	249,826
Investments in third-party private equity funds in our capacity as a limited partner	<b>449,086</b>	414,015
Strategic minority equity investments		
— Investments in the form of preferred shares of other companies	<b>147,514</b>	145,361
— Passive equity holdings in non-associate companies	<b>455,631</b>	313,433
Investment in a portfolio company of the consolidated fund	<b>508,890</b>	508,890
<b>Total</b>	<b>2,735,272</b>	1,977,713

As of June 30, 2020, the Group had investments of our primary investment activities amounting to an aggregate of approximately RMB2,735.3 million measured in fair value, which increased by 38.3% as compared to December 31, 2019. Each investment was individually less than 5% of the total assets of the Group as of June 30, 2020.

### 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.

Save as disclosed above and this interim report, the Group did not have other plans for material investments and capital assets as at June 30, 2020.

### 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, 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### EMPLOYEE AND REMUNERATION POLICY

As of June 30, 2020, we had 614 full-time employees, over 81% of whom were advisory and investment professionals.

The following table sets forth the number of our employees by function as of June 30, 2020.

Function	Number of Employees	Percentage
Investment Banking	240	39%
Investment Management	59	10%
Huajing Securities	181	29%
Others	22	4%
Group Middle and Back Office	112	18%
<b>Total</b>	<b>614</b>	<b>100%</b>

The following table sets forth the number of our employees by geographic region as of June 30, 2020.

Geographic Region	Number of Employees	Percentage
Beijing, China	310	51%
Shanghai, China	162	26%
Other cities in China	19	3%
Hong Kong, China	103	17%
United States	19	3%
Singapore	1	/
<b>Total</b>	<b>614</b>	<b>100%</b>

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our retention strategy, we offer employees performance-based cash bonuses and other incentives in addition to base salaries. As of June 30, 2020, 97 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, 2020 were RMB482.4 million, representing an increase of 32.8% as compared to six months ended June 30, 2019.

### 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 Renminbi. When considered appropriate, we enter into hedging activities with regard to exchange rate risk. As of June 30, 2020, we did not hedge or consider it necessary to use financial instruments for hedging purposes.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### PLEDGE OF ASSETS

As of June 30, 2020, the Company pledged two US\$ bank deposits of US\$36.0 million (equivalent to approximately RMB254.9 million) to secure the short term credit facilities of RMB300.0 million granted by China Merchants Bank to the Group for the daily operations in mainland China. The short term credit facilities of RMB100.0 million and RMB200.0 million were expired in June and July 2020, respectively. The pledged bank deposits were released in July 2020.

### CONTINGENT LIABILITIES

As of June 30, 2020, 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, 2020.

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, 2020, a final dividend of 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, 2020 amounted to RMB79.9 million, and such cash dividend was paid on August 10, 2020.

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

	For the six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
Dividends to shareholders of the Company	79,896	—

# OTHER INFORMATION

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at June 30, 2020, the interests and short positions of our Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix 10 to the Listing Rules were as follows:

### (i) Interest in Shares and underlying Shares

Name of Director	Nature of interest	Number of ordinary shares	Approximate percentage of holding <sup>(1)</sup>
Mr. Bao <sup>(2)</sup>	Interest in a controlled corporation	245,407,500	45.88%
	Settlor of a trust who can influence how the trustee exercises the voting power of its shares	32,178,995	6.02%
	Beneficial owner	17,292,600	3.23%
	Beneficiary of a trust (other than a discretionary interest)	1,274,333	0.24%
	Other	819,874	0.15%
Mr. Xie Yi Jing <sup>(3)</sup>	Beneficial owner	400,000	0.07%
	Beneficiary of a trust (other than a discretionary interest)	319,489	0.06%
Mr. Du Yongbo <sup>(4)</sup>	Beneficial owner	380,000	0.07%
	Beneficiary of a trust (other than a discretionary interest)	964,993	0.18%
Mr. Li Shujun <sup>(5)</sup>	Interest in a controlled corporation	35,652,172	6.67%

## OTHER INFORMATION (CONTINUED)

### **DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS (CONTINUED)**

#### **(i) Interest in Shares and underlying Shares (Continued)**

*Notes:*

1. The calculation is based on the total number of 534,864,712 Shares in issue as at June 30, 2020.
2. FBH Partners owns 73.37% equity interest in CR Partners. Mr. Bao owns 79% of the equity interest in FBH Partners, and as a result of a voting proxy granted by Ms. Hui Yin Ching, Mr. Bao's spouse, the 21% owner of FBH Partners, over all her equity interests in FBH Partners, Mr. Bao controls 100% of the voting power at the general meetings of FBH Partners. Under the SFO, Mr. Bao is deemed to be interested in the 245,407,500 Shares held by CR Partners. Separately, as Mr. Bao is the settlor of Sky Allies Trust Scheme who can influence how Infiniti Trust (Hong Kong) Limited exercises the voting of its 32,178,995 Shares held through Sky Allies Development Limited for the trust, under the SFO, Mr. Bao is also deemed to be interested in the 32,178,995 Shares held by Sky Allies Development Limited. Separately, Mr. Bao directly holds 892,600 Shares and is entitled to receive 16,400,000 Shares pursuant to the exercise of his options granted under the ESOP. Additionally, Mr. Bao is a beneficiary of 1,274,333 Shares pursuant to the RSU Plan. Separately, Mr. Bao is entitled to use the voting rights in respect of 819,874 Shares held by Go Perfect Development Limited in accordance with the terms of the RSU Plan.
3. Mr. Xie Yi Jing is entitled to receive 400,000 Shares pursuant to the exercise of his options granted under the ESOP. Separately, Mr. Xie Yi Jing is a beneficiary of 319,489 Shares pursuant to the RSU Plan.
4. Mr. Du Yongbo is entitled to receive 380,000 Shares pursuant to the exercise of his options granted under the ESOP. Separately, Mr. Du Yongbo is a beneficiary of 964,993 Shares pursuant to the RSU Plan.
5. Greenhouse CR Holdings Co., Ltd. is wholly-owned by Trustbridge Partners IV L.P., whose general partner is TB Partners GP4, L.P.. The general partner of TB Partners GP4, L.P. is TB Partners GP Limited, whose sole shareholder is Mr. Li Shujun. Greenhouse CR Holdings II Co., Ltd. is wholly-owned by Trustbridge Partners V L.P., whose general partner is TB Partners GP5, L.P.. The general partner of TB Partners GP5, L.P. is TB Partners GP5 Limited, whose sole shareholder is Mr. Li Shujun. Under the SFO, Mr. Li Shujun is deemed to be interested in the 20,000,000 Shares held by Greenhouse CR Holdings Co., Ltd. and the 15,652,172 Shares held by Greenhouse CR Holdings II Co., Ltd. in the capacity of holders of interests in controlled corporations as opposed to beneficial owners.

## OTHER INFORMATION (CONTINUED)

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS (CONTINUED)

#### (ii) Interest in associated corporations

Name of Director	Name of member of the Group	Capacity/ Nature of interest	Amount of registered capital (RMB)	Approximate percentage of holding
Mr. Bao	Tianjin Huahuang	Interests held as a limited partner	1,000,000	6.67%
	Huaxing Associates, L.P.	Interests held as a limited partner through controlled corporation <sup>(1)</sup>	Not applicable	Not applicable
	Huaxing Associates II, L.P.	Interests held as a limited partner through controlled corporation <sup>(1)</sup>	Not applicable	Not applicable
	Huaxing Associates III, L.P.	Interests held as a limited partner through controlled corporation <sup>(1)</sup>	Not applicable <sup>(3)</sup>	Not applicable <sup>(3)</sup>
Mr. Du Yongbo	Dazi Huashi	Nominee shareholder whose shareholder's rights are subject to contractual arrangements	500,000	50%
	Shanghai Quanyuan	Nominee shareholder whose shareholder's rights are subject to contractual arrangements	50,000,000	50%
	Dazi Huafeng Venture Capital Partnership L.P.	Interests held as a limited partner	50,000,000	10%
	Ningbo Xinshou	Interests held as a limited partner	20,000,000	19.996%
	Huasheng Xinhang	Interests held as a limited partner	38,727,980	20%
	Huaxing Associates II, L.P.	Interest held as a limited partner through controlled corporation <sup>(2)</sup>	Not applicable	Not applicable
	Huaxing Associates III, L.P.	Interest held as a limited partner through controlled corporation <sup>(2)</sup>	Not applicable <sup>(4)</sup>	Not applicable <sup>(4)</sup>

*Notes:*

- Mr. Bao holds limited partnership interest through FBH Partners, a special purpose vehicle controlled by Mr. Bao.
- Mr. Du Yongbo holds limited partnership interest through Ever Perfect Investments Limited, a special purpose vehicle controlled by Mr. Du Yongbo.
- In Huaxing Associates III, L.P., the capital commitment of FBH Partners (being a special purpose vehicle controlled by Mr. Bao) is US\$1,000,000, which accounts 4.96% of the total capital commitment of partners of Huaxing Associates III, L.P.
- In Huaxing Associates III, L.P., the capital commitment of Ever Perfect Investments Limited (being a special purpose vehicle controlled by Mr. Du Yongbo) is US\$1,000,000, which accounts 4.96% of the total capital commitment of partners of Huaxing Associates III, L.P.

## OTHER INFORMATION (CONTINUED)

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS (CONTINUED)

#### (ii) Interest in associated corporations (Continued)

Save as disclosed above, as at June 30, 2020, so far as is known to any Director or the chief executive of the Company, none of the Directors nor the chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the Director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2020, so far as the Directors are aware, the following persons had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of interest	Number of ordinary shares	Approximate percentage of holding <sup>(1)</sup>
CR Partners <sup>(2)</sup>	Beneficial owner	245,407,500	45.88%
FBH Partners <sup>(2)</sup>	Interest in a controlled corporation	245,407,500	45.88%
Mr. Bao <sup>(2)</sup>	Interest in a controlled corporation	245,407,500	45.88%
	Settlor of a trust who can influence how the trustee exercises the voting power of its shares	32,178,995	6.02%
	Beneficial owner	17,292,600	3.23%
	Beneficiary of a trust (other than a discretionary interest)	1,274,333	0.24%
	Other	819,874	0.15%
Renaissance Greenhouse HK Limited <sup>(3)</sup>	Beneficial owner	47,722,084	8.92%
CW Renaissance Holdings Limited <sup>(3)</sup>	Interest in a controlled corporation	47,722,084	8.92%
Chengwei Capital HK Limited <sup>(3)</sup>	Interest in a controlled corporation	47,722,084	8.92%
Chengwei Evergreen Capital, LP <sup>(3)</sup>	Interest in a controlled corporation	47,722,084	8.92%
Chengwei Evergreen Management, LLC <sup>(3)</sup>	Interest in a controlled corporation	47,722,084	8.92%
Bamboo Green, Ltd. <sup>(4)</sup>	Beneficial owner	34,565,216	6.46%
Sequoia Capital China Growth Fund III, L.P. <sup>(4)</sup>	Interest in a controlled corporation	34,565,216	6.46%
SC China Growth III Management, L.P. <sup>(4)</sup>	Interest in a controlled corporation	34,565,216	6.46%
SC China Holding Limited <sup>(4)</sup>	Interest in a controlled corporation	34,565,216	6.46%
SNP China Enterprises Limited <sup>(4)</sup>	Interest in a controlled corporation	34,565,216	6.46%
Mr. Neil Nanpeng Shen <sup>(4)</sup>	Interest in a controlled corporation	34,565,216	6.46%
Mr. Li Shujun <sup>(5)</sup>	Interest in a controlled corporation	35,652,172	6.67%
Sky Allies Development Limited <sup>(6)</sup>	Nominee for another person (other than a trustee)	32,178,995	6.02%
Infiniti Trust (Hong Kong) Limited <sup>(6)</sup>	Trustee	32,178,995	6.02%

## OTHER INFORMATION (CONTINUED)

### **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (CONTINUED)**

*Notes:*

1. The calculation is based on the total number of 534,864,712 Shares in issue as at June 30, 2020.
2. FBH Partners owns 73.37% equity interest in CR Partners. Mr. Bao owns 79% of the equity interest in FBH Partners, and as a result of a voting proxy granted by Ms. Hui Yin Ching, Mr. Bao's spouse, the 21% owner of FBH Partners, over all her equity interests in FBH Partners, Mr. Bao controls 100% of the voting power at the general meetings of FBH Partners. Under the SFO, Mr. Bao is deemed to be interested in the 245,407,500 Shares held by CR Partners. Separately, as Mr. Bao is the settlor of Sky Allies Trust Scheme who can influence how Infiniti Trust (Hong Kong) Limited exercises the voting of its 32,178,995 Shares held through Sky Allies Development Limited for the trust. Under the SFO, Mr. Bao is also deemed to be interested in the 32,178,995 Shares held by Sky Allies Development Limited. Separately, Mr. Bao directly holds 892,600 Shares and is entitled to receive 16,400,000 Shares pursuant to the exercise of his options granted under the ESOP. Additionally, Mr. Bao is a beneficiary of 1,274,333 Shares pursuant to the RSU Plan. Separately, Mr. Bao is entitled to use the voting rights in respect of 819,874 Shares held by Go Perfect Development Limited in accordance with the terms of the RSU Plan.
3. Renaissance Greenhouse HK Limited is wholly-owned by CW Renaissance Holdings Limited, which is in turn wholly-owned by Chengwei Capital HK Limited. Chengwei Capital HK Limited is wholly-owned by Chengwei Evergreen Capital, LP, which is controlled by Chengwei Evergreen Management, LLC. Under the SFO, each of CW Renaissance Holdings Limited, Chengwei Capital HK Limited, Chengwei Evergreen Capital, LP and Chengwei Evergreen Management, LLC is interested in the 47,722,084 Shares held by Renaissance Greenhouse HK Limited.
4. Bamboo Green, Ltd. is wholly-owned by Sequoia Capital China Growth Fund III, L.P. The general partner of Sequoia Capital China Growth Fund III, L.P. is SC China Growth III Management, L.P., whose general partner is SC China Holding Limited. SC China Holding Limited is a wholly-owned subsidiary of SNP China Enterprises Limited, whose sole shareholder is Mr. Neil Nanpeng Shen. Under the SFO, each of Sequoia Capital China Growth Fund III, L.P., SC China Growth III Management, L.P., SC China Holding Limited, SNP China Enterprises Limited and Mr. Neil Nanpeng Shen is deemed to be interested in the 34,565,216 Shares held by Bamboo Green, Ltd.
5. Greenhouse CR Holdings Co., Ltd. is wholly-owned by Trustbridge Partners IV L.P., whose general partner is TB Partners GP4, L.P.. The general partner of TB Partners GP4, L.P. is TB Partners GP Limited, whose sole shareholder is Mr. Li Shujun. Greenhouse CR Holdings II Co., Ltd. is wholly-owned by Trustbridge Partners V L.P., whose general partner is TB Partners GP5, L.P.. The general partner of TB Partners GP5, L.P. is TB Partners GP5 Limited, whose sole shareholder is Mr. Li Shujun. Under the SFO, Mr. Li Shujun is deemed to be interested in the 20,000,000 Shares held by Greenhouse CR Holdings Co., Ltd. and the 15,652,172 Shares held by Greenhouse CR Holdings II Co., Ltd. in the capacity of holders of interests in controlled corporations as opposed to beneficial owners.
6. The entire share capital of Sky Allies Development Limited is held by Infiniti Trust (Hong Kong) Limited as trustee of Sky Allies Trust Scheme for the benefit of selected employees. Sky Allies Development Limited holds the subject shares in our Company as nominee in trust for Infiniti Trust (Hong Kong) Limited as trustee of Sky Allies Trust Scheme.



## OTHER INFORMATION (CONTINUED)

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (CONTINUED)

Save as disclosed above, as at June 30, 2020, no other persons (other than our Directors or chief executives of our Company) had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

### SHARE OPTION SCHEMES

#### 1. Employee's Share Option Plan

The purpose of the ESOP is to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected employees, directors and consultants and to promote the success of the Company's business by offering these individuals an opportunity to acquire a proprietary interest in the success of the Company or to increase this interest, by issuing them Shares or by permitting them to purchase Shares.

As at June 30, 2020, (a) our Directors were holding unexercised options under the ESOP to subscribe for a total of 17,180,000 Shares, representing approximately 3.21% of the issued share capital of our Company, and (b) other grantees were holding unexercised options under the ESOP to subscribe for a total of 30,544,500 Shares, representing approximately 5.71% of the issued share capital of our Company, details of which are as follows:

Name or category of grantee	Date of grant	Vesting period	The period during which options are exercisable	Exercise price	Number of options			Outstanding as at June 30, 2020
					Outstanding as at December 31, 2019	Exercised during the six months ended June 30, 2020	Cancelled/ Lapsed during the six months ended June 30, 2020	
<b>Director</b>								
Mr. Bao	April 1, 2017	5 years from the date of grant	10 years from the date of grant	US\$0.625	16,000,000	—	—	16,000,000
	April 1, 2018	5 years from the date of grant	10 years from the date of grant	US\$0.75	400,000	—	—	400,000
Mr. Xie Yi Jing	April 1, 2018	5 years from the date of grant	10 years from the date of grant	US\$0.75	400,000	—	—	400,000
Mr. Du Yongbo	April 1, 2018	5 years from the date of grant	10 years from the date of grant	US\$0.75	400,000	20,000	—	380,000
<b>Other grantees</b>								
In aggregate	Between Nov 5, 2012 and April 1, 2018	Up to 5 years from the date of grant or specific date	10 years from the date of grant	Between US\$0.25 and US\$0.75	32,748,000	2,203,500	—	30,544,500
<b>Total</b>					<b>49,948,000</b>	<b>2,223,500</b>	<b>—</b>	<b>47,724,500</b>

## OTHER INFORMATION (CONTINUED)

### SHARE OPTION SCHEMES (CONTINUED)

#### 1. Employee's Share Option Plan (Continued)

Details of the movements during the six months ended June 30, 2020 of the options granted under the ESOP are as follows:

Date of grant	Number of share options				As at June 30, 2020	Exercise price US\$	Exercise period
	As at December 31, 2019	Granted during the six months ended June 30, 2020	Exercised during the six months ended June 30, 2020	Lapsed during the six months ended June 30, 2020			
November 5, 2012	540,000	—	4,000	—	536,000	0.25	2020
January 1, 2013	900,000	—	175,000	—	725,000	0.375	2020
January 1, 2014	1,895,000	—	510,000	—	1,385,000	0.25	2020
January 1, 2015	9,885,000	—	775,000	—	9,110,000	0.25	2020
October 1, 2015	200,000	—	87,500	—	112,500	0.25	2020
January 1, 2016	3,390,000	—	352,500	—	3,037,500	0.625	2020
January 1, 2016	350,000	—	62,500	—	287,500	0.25	2020
January 1, 2017	150,000	—	50,000	—	100,000	0.625	2020
April 1, 2017	21,016,000	—	159,000	—	20,857,000	0.625	2020
April 1, 2018	10,302,000	—	48,000	—	10,254,000	0.75	2020

#### 2. RSU Plan

The RSU Plan was approved by the Board on June 15, 2018.

The purpose of the RSU Plan is to enable the officers, employees or directors of, and consultants to, the Group to share in the success of the Company, in order to assure a closer identification of the interests of such persons with those of the Group and stimulate the efforts of such persons on the Company Group's behalf.

On April 1, 2020, the Company granted an aggregate of 4,693,616 RSUs to 62 grantees in total, among whom 7 grantees are connected persons of the Company, in accordance with the terms of the RSU Plan.

Further details of the ESOP and the RSU Plan are set out in the note 20 to the condensed consolidated financial statements for the six months ended June 30, 2020.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders.

## OTHER INFORMATION (CONTINUED)

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (CONTINUED)**

The Company has adopted the principles and code provisions of the CG Code set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices, and the CG Code has been applicable to the Company with effect from the Listing Date.

Save for code provisions A.2.1, the Company has complied with all the code provisions set out in the CG Code throughout the six months ended June 30, 2020.

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 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 has the benefit of ensuring consistent leadership within the Group and enabling 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.

### **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company. The provisions under the Listing Rules in relation to compliance with the Model Code by the Directors regarding securities transactions have been applicable to the Company since the Listing Date.

Having made specific enquiry of all the Directors of the Company, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code throughout the six months ended June 30, 2020.

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

During the six months ended June 30, 2020, the Company repurchased 8,747,400 Shares on the Stock Exchange for an aggregate consideration of approximately HK\$116.5 million including expenses. The repurchased Shares were subsequently cancelled. 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 as perceived by the Board and that it presented a good opportunity for the Company to repurchase Shares.

## OTHER INFORMATION (CONTINUED)

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

Details of the Shares repurchased 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 2020	6,996,300	15.46	14.00	98,140
April 2020	94,300	12.33	12.12	1,155
May 2020	1,637,200	10.82	10.26	16,934
June 2020	19,600	12.76	10.96	221
<b>Total</b>	<b>8,747,400</b>			<b>116,450</b>

Save as disclosed above, neither the Company nor any member of the Group purchased, sold or redeemed any listed securities of the Company during the six months ended June 30, 2020.

### USE OF NET PROCEEDS FROM LISTING

With the Shares of the Company listed on the Stock Exchange on the Listing Date, the net proceeds from the initial public offering of the Company were approximately HK\$2,517.6 million after deducting underwriting commissions and other expenses paid and payable by the Company for the initial public offering, which will be utilized for the purposes as set out in the Prospectus. The following table sets forth the status of use of proceeds from the Company's initial public offering as of June 30, 2020.

	% of use of proceeds	Net proceeds from the initial public offering HK\$ million	Actual usage up to December 31, 2019 HK\$ million	Actual usage for the six months ended June 30, 2020 HK\$ million	Unutilized amount as at June 30, 2020 HK\$ million	Expected timeline of full utilisation of the balance
Expand our investment banking business	40%	1,007.0	294.3	217.1	495.6	2021
Expand our investment management business	20%	503.5	238.8	76.8	187.9	2020
Develop private wealth management business	20%	503.5	356.2	147.3	—	2020
Invest in technology across all our business lines	10%	251.8	36.5	14.7	200.6	2021
General corporate purposes	10%	251.8	251.8	—	—	—
<b>Total</b>		<b>2,517.60</b>	<b>1,177.60</b>	<b>455.9</b>	<b>884.1</b>	

## OTHER INFORMATION (CONTINUED)

### **CHANGE IN DIRECTOR'S INFORMATION**

At the annual general meeting of the Company held on June 11, 2020, Mr. Liu Xing has been appointed as a non-executive Director by the Shareholder, effective from June 11, 2020.

On June 11, 2020, due to Mr. Neil Nanpeng Shen's other business engagement which require more of his time and dedication, Mr. Neil Nanpeng Shen has retired as a non-executive Director.

On August 21, 2020, the Company announced the resignation of Mr. Du Yongbo as an executive Director, and the appointment of Mr. Wang Lixing as an executive Director, with effect from August 22, 2020. For details of The change of executive Director, please refer to the Company's announcement dated August 21, 2020.

Save as disclosed above, the Company is not aware of any change in information of the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### **CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES**

The Company did not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules during the six months ended June 30, 2020.

### **CARRIED INTEREST DISTRIBUTION DURING THE REPORTING PERIOD**

As disclosed in the section headed "Connected Transactions — Waiver Applications — 1. Carried Interest Distribution Framework Agreement" of the Prospectus, the Company will disclose in its subsequent interim and annual reports: (i) the amount of carried interest received by each of the Connected Investment Team Members (on a named basis) during the relevant reporting period; and (ii) the amount of carried interest that the Group receives from each of the Relevant Investment Funds (save for project funds which will be disclosed on an aggregated basis) during the relevant reporting period.

During the six months ended June 30, 2020, the Group did not make any distribution of carried interest to the Connected Investment Team Members, nor did it receive any carried interest from each of the Relevant Investment Funds (save for project funds which will be disclosed on an aggregated basis).

### **AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS**

The Company has established an Audit Committee with written terms of reference 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 and internal controls system (including risk management) of the Group, review and approve connected transactions and provide advice and comments to the Board. The Audit Committee consists of three members, 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, 2020. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the external auditor of the Company, Deloitte Touche Tohmatsu.

## OTHER INFORMATION (CONTINUED)

### AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS (CONTINUED)

The condensed consolidated financial statements of the Group for the six months ended June 30, 2020 has been reviewed 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 and an executive committee.

### SUBSEQUENT EVENTS AFTER THE REPORTING DATE

On July 13, 2020, the Company cancelled a total number of 19,600 Shares which it had repurchased on the open market of the Stock Exchange from June 3, 2020 to June 30, 2020, pursuant to general mandate to repurchase Shares approved by the Shareholders at the annual general meetings of the Company held on May 28, 2019 and June 11, 2020 respectively, from its issued share capital.

On August 10, 2020, a final dividend of RMB15 cents (HK\$0.16405) per Share for the year ended December 31, 2019 (the "**Final Dividend**") has been paid up by the Company out of the share premium account in Hong Kong dollars to Shareholders whose names appear on the register of members of the Company as at the close of business on Monday, June 22, 2020. For details of the payment date and exchange rate for the Final Dividend payment, please refer to the Company's announcement dated June 22, 2020.

On August 21, 2020, the Company announced the resignation of Mr. Du Yongbo as an executive Director, and the appointment of Mr. Wang Lixing as an executive Director, with effect from August 22, 2020. For details of the change of executive Director, please refer to the Company's announcement dated August 21, 2020.

Save as disclosed above, no important events affecting the Company have occurred since June 30, 2020 and up to the date of this Interim Report.

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Deloitte.**

德勤

**To the Board of Directors of China Renaissance Holdings Limited**  
*(Incorporated in the Cayman Islands with limited liability)*

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Renaissance Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 38 to 83, which comprise the condensed consolidated statement of financial position as of June 30, 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with 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. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

**Deloitte Touche Tohmatsu**  
Certified Public Accountants  
Hong Kong  
August 21, 2020

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2020

	Notes	Six months ended June 30,	
		2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited) (restated)
Revenue	3		
Transaction and advisory fees		278,585	358,131
Management fees		204,707	219,327
Interest income		35,414	17,148
Income from carried interest		20,931	32,390
Total revenue		539,637	626,996
Net investment gains	4	627,793	157,887
Total revenue and net investment gains		1,167,430	784,883
Compensation and benefit expenses		(482,425)	(363,400)
Carried interest to management team and other parties		(13,955)	(22,348)
Investment gains attributable to interest holders of consolidated structured entities		(41,764)	(28,720)
Impairment loss under expected credit loss model, net of reversal	16	(199)	845
Finance costs		(5,511)	(2,436)
Other operating expenses		(155,700)	(182,468)
Total operating expenses		(699,554)	(598,527)
Operating profit		467,876	186,356
Other income, gains or losses	5	8,095	61,893
Investment income arising from certain incidental and ancillary investments	6	—	5,275
Share of results of associates		(1,501)	(2,519)
Share of results of a joint venture		(1,061)	—
Profit before tax		473,409	251,005
Income tax expense	7	(44,438)	(48,383)
<b>Profit for the period</b>	8	<b>428,971</b>	202,622



# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended June 30, 2020

	Notes	Six months ended June 30,	
		2020	2019
		RMB'000	RMB'000
		(unaudited)	(unaudited) (restated)
<b>Other comprehensive income (expense)</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		119,720	13,704
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(78,154)	(12,503)
Fair value gain on debt instruments measured at fair value through other comprehensive income		—	379
Reclassification adjustment to profit or loss on disposal of debt instruments measured at fair value through other comprehensive income		—	(1,873)
Impairment loss for debt instruments at fair value through other comprehensive income included in profit or loss		—	(41)
Other comprehensive income (expense) for the period, net of tax		41,566	(334)
Total comprehensive income for the period		470,537	202,288
Profit for the period attributable to:			
— Owners of the Company		407,357	176,766
— Non-controlling interests		21,614	25,856
		428,971	202,622
Total comprehensive income for the period attributable to:			
— Owners of the Company		448,238	177,218
— Non-controlling interests		22,299	25,070
		470,537	202,288
<b>EARNINGS PER SHARE</b>			
Basic	10	RMB0.83	RMB0.35
Diluted	10	RMB0.78	RMB0.33

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2020

	Notes	June 30, 2020 RMB'000 (unaudited)	December 31, 2019 RMB'000 (audited)
<b>Non-current assets</b>			
Property and equipment	11	112,826	144,062
Intangible assets	12	57,497	51,707
Deferred tax assets		169,985	130,574
Investments in associates	13	1,237,277	660,515
Investment in a joint venture		4,588	5,649
Financial assets at fair value through profit or loss	14	1,749,722	1,507,186
Rental deposits		16,845	16,366
Loans to third parties		—	65,063
Other financial assets		141,718	139,650
		<b>3,490,458</b>	2,720,772
<b>Current assets</b>			
Accounts and other receivables	15	1,720,386	879,094
Loans to third parties		332,987	38,245
Amounts due from related parties	21	59,814	52,586
Financial assets at fair value through profit or loss	14	2,830,054	3,222,352
Other financial assets		67,448	142,695
Term deposits		217,372	492,564
Pledged bank deposits		260,932	254,237
Cash held on behalf of brokerage clients		175,352	685,842
Cash and cash equivalents		1,259,401	1,022,043
		<b>6,923,746</b>	6,789,658
<b>TOTAL ASSETS</b>		<b>10,414,204</b>	9,510,430
<b>Current liabilities</b>			
Accounts and other payables	17	1,816,739	1,286,790
Payables to interest holders of consolidated structured entities		785,763	747,284
Amounts due to related parties	21	56,991	453,830
Contract liabilities		155,133	21,614
Bank borrowings	18	183,230	129,504
Lease liabilities		53,496	53,461
Income tax payables		37,335	47,893
Financial liabilities at fair value through profit or loss		222,295	—
		<b>3,310,982</b>	2,740,376
<b>Net current assets</b>		<b>3,612,764</b>	4,049,282
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>7,103,222</b>	6,770,054

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at June 30, 2020

	Note	<b>June 30, 2020</b>	December 31, 2019
		<b>RMB'000</b>	RMB'000
		<b>(unaudited)</b>	(audited)
<b>Non-current liabilities</b>			
Lease liabilities		<b>32,283</b>	56,876
Contract liabilities		<b>16,496</b>	13,747
Deferred tax liabilities		<b>63,347</b>	27,286
		<b>112,126</b>	97,909
<b>NET ASSETS</b>		<b>6,991,096</b>	6,672,145
<b>Capital and reserves</b>			
Share capital	19	<b>88</b>	89
Reserves		<b>5,459,867</b>	5,159,016
Equity attributable to owners of the Company		<b>5,459,955</b>	5,159,105
Non-controlling interests		<b>1,531,141</b>	1,513,040
		<b>6,991,096</b>	6,672,145

The condensed consolidated financial statements on pages 38 to 83 were approved and authorised for issue by the board of directors on August 21, 2020 and were signed on its behalf by.

**Bao Fan**  
*Chairman*

**Xie Yi Jing**  
*Executive Director*

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2020

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Treasury stock	Share premium	Other reserves	Surplus reserve	Accumulated losses	Reserves Sub-total	Sub-total		
Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2020 (audited)	89	(7)	6,454,704	262,621	21,538	(1,579,840)	5,159,016	5,159,105	1,513,040	6,672,145
Profits for the period	-	-	-	-	-	407,357	407,357	407,357	21,614	428,971
Other comprehensive income for the period	-	-	-	40,881	-	-	40,881	40,881	685	41,566
Total comprehensive income for the period	-	-	-	40,881	-	407,357	448,238	448,238	22,299	470,537
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	495	495
Recognition of equity-settled share-based payment expense	20	-	-	35,516	-	-	35,516	35,516	-	35,516
Share options exercised	20	-	13,550	(7,803)	-	-	5,747	5,747	-	5,747
Restricted share units vested	20	-	11,199	(11,199)	-	-	-	-	-	-
Dividends to shareholders and non-controlling shareholders	-	-	-	-	-	(79,896)	(79,896)	(79,896)	(4,693)	(84,589)
Share repurchased but not yet cancelled	19	-	-	(210)	-	-	(210)	(210)	-	(210)
Share repurchased and cancelled	19	(1)	(108,685)	141	-	-	(108,544)	(108,545)	-	(108,545)
Balance at June 30, 2020 (unaudited)	88	(7)	6,370,768	319,947	21,538	(1,252,379)	5,459,867	5,459,955	1,531,141	6,991,096

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended June 30, 2020

	Attributable to owners of the Company									Non- controlling interests	Total equity
	Notes	Share	Treasury	Share	Other	Surplus	Accumulated	Reserves	Sub-total		
		capital	stock	premium	reserves	reserve	losses	Sub-total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2019 (audited)		89	(7)	6,502,190	238,394	9,679	(1,814,759)	4,935,497	4,935,586	1,454,900	6,390,486
Profits for the period		–	–	–	–	–	176,766	176,766	176,766	25,856	202,622
Other comprehensive income (expense) for the period		–	–	–	452	–	–	452	452	(786)	(334)
Total comprehensive income for the period		–	–	–	452	–	176,766	177,218	177,218	25,070	202,288
Capital contribution from non-controlling shareholders		–	–	–	–	–	–	–	–	5,415	5,415
Recognition of equity-settled share-based payment expense	20	–	–	–	35,323	–	–	35,323	35,323	–	35,323
Dividends to non-controlling shareholders		–	–	–	–	–	–	–	–	(7,476)	(7,476)
Disposal of a subsidiary		–	–	–	(18,172)	–	–	(18,172)	(18,172)	(1,746)	(19,918)
Shares held under share award scheme		–	–	–	(47,484)	–	–	(47,484)	(47,484)	–	(47,484)
Share repurchased but not yet cancelled	19	–	–	–	(765)	–	–	(765)	(765)	–	(765)
Share repurchased and cancelled	19	–	–	(27,651)	–	–	–	(27,651)	(27,651)	–	(27,651)
Balance at June 30, 2019 (unaudited) (restated)		89	(7)	6,474,539	207,748	9,679	(1,637,993)	5,053,966	5,054,055	1,476,163	6,530,218

Note: Other reserves mainly include (1) translation reserve; (2) investment revaluation reserve and expected credit losses for financial assets at fair value through other comprehensive income; (3) equity-settled share-based payment expense; and (4) share repurchase reserve.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2020

	Six months ended June 30,	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited) (restated)
<b>Cash flows from operating activities</b>		
Profit before tax	473,409	251,005
Adjustments for:		
Depreciation of property and equipment	35,278	29,661
Amortisation of intangible assets	5,780	5,046
Interest income	(35,414)	(39,505)
Finance costs	5,511	2,436
Net investment gains	(627,793)	(157,887)
Investment gains attributable to interest holders of consolidated structured entities	41,764	28,720
Investment income arising from certain incidental and ancillary investments	—	(5,275)
Gain on disposal of a subsidiary	—	(23,423)
Impairment loss under expected credit loss model, net of reversal	199	(845)
Share of results of associates	1,501	2,519
Share of results of a joint venture	1,061	—
Share-based payment expenses	35,516	35,323
Operating cash flows before movements in working capital	(63,188)	127,775
(Increase) decrease in accounts and other receivables	(841,877)	190,660
Increase in amounts due from related parties	(4,927)	(37,370)
(Decrease) increase in amounts due to related parties	(396,839)	51,102
Decrease in cash held on behalf of brokerage clients	510,490	—
Decrease (increase) in financial assets at fair value through profit or loss	393,591	(211,076)
Increase in accounts and other payables	449,898	1,284
Increase in contract liabilities	136,268	136,927
Increase in financial assets sold under repurchase agreements	—	10,968
Cash generated from operations	183,416	270,270
Interest received	27,651	45,971
Income taxes paid	(58,240)	(67,059)
Net cash generated from operating activities	152,827	249,182

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended June 30, 2020

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited) (restated)
<b>Cash flows from investing activities</b>		
Interest received	—	1,589
Purchases of property and equipment	<b>(2,945)</b>	(7,336)
Payments for right-of-use assets	—	(152)
Payments for rental deposits	<b>(120)</b>	(1,680)
Proceeds from rental deposits	<b>84</b>	—
Acquisition of a subsidiary	—	(1,348)
Disposal of a subsidiary	—	(2,363)
Purchases of intangible assets	<b>(12,061)</b>	(742)
Purchases of financial assets at fair value through profit or loss	<b>(13,837)</b>	(537,817)
Proceeds from disposal of financial assets at fair value through profit or loss	<b>4,118</b>	3,631
Proceeds from disposal of financial assets at fair value through other comprehensive income	—	257,996
Acquisition of investments in associates	<b>(76,196)</b>	(87,304)
Purchase of other financial assets	—	(162,248)
Proceeds from other financial assets	<b>78,941</b>	—
Advance to related parties	<b>(7,593)</b>	(20)
Repayment from related parties	<b>3,849</b>	7
Placement of term deposits	<b>(2,986,719)</b>	(1,547,429)
Proceeds from term deposits	<b>3,258,270</b>	2,559,260
Origination of loans receivable	<b>(274,862)</b>	(19,699)
Repayment of loans receivable	<b>53,000</b>	1,367
Net cash generated from investing activities	<b>23,929</b>	455,712

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended June 30, 2020

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
		(restated)
<b>Cash flows from financing activities</b>		
Payment on repurchase of shares	(108,755)	(28,416)
Purchase of shares to be held under share award scheme	—	(46,763)
Proceeds from issuance of ordinary shares for share options exercised	5,747	—
Proceeds from bank borrowings	202,340	—
Repayment of bank borrowings	(147,256)	—
Interest paid	(3,512)	—
Repayments of leases liabilities	(27,386)	(19,973)
Capital contribution from non-controlling shareholders	495	5,415
Distribution to non-controlling shareholders	(4,693)	(7,476)
Issued cost paid	—	(3,410)
Proceeds from financial liabilities at fair value through profit or loss	127,642	—
Cash injection by third-party holders of consolidated structured entities	43,105	446,933
Cash repayment to third-party holders of consolidated structured entities	(39,860)	(24,981)
Net cash generated from financing activities	47,867	321,329
<b>Net increase in cash and cash equivalents</b>	224,623	1,026,223
Cash and cash equivalents at beginning of the period	1,022,043	442,391
Effect of foreign exchange rate changes	12,735	43,108
<b>Cash and cash equivalents at end of period</b>	1,259,401	1,511,722



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2020

## 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 (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 changes in accounting policies resulting from application of new and 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, 2020 are the same as those presented in the Group’s annual consolidated financial statements for the year ended December 31, 2019.

### Application of new and 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, 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in IFRSs and amendments to IFRSs in the current 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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

In the prior period, the Group had four operating segments (a) investment banking; (b) investment management; (c) Huajing and (d) new business. In the current period, the Group changed its internal reporting structure and reallocated structured financing from new business segment to investment banking segment. Subsequent to the change of the internal reporting structure, the Group has four reportable operating segments, which are (a) investment banking; (b) investment management; (c) Huajing and (d) others.

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) 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 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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Segment revenue and results

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

	Six months ended June 30, 2020 (unaudited)					Total consolidated RMB'000
	Investment banking RMB'000	Investment management RMB'000	Huajing RMB'000	Others RMB'000	Consolidation adjustments and reconciling items 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) <sup>(note)</sup>	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 <sup>(note)</sup>	(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 cost	—	—	(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 a joint venture						(1,061)
Profit before tax						473,409
Income tax expense						(44,438)
Profit for the period						428,971

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Segment revenue and results (continued)

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

	Six months ended June 30, 2019 (unaudited) (restated)					Total consolidated RMB'000
	Investment banking RMB'000	Investment management RMB'000	Huajing RMB'000	Others RMB'000	Consolidation adjustments and reconciling items RMB'000	
Transaction and advisory fees	349,139	—	8,992	—	—	358,131
Management fees	—	219,327	—	—	—	219,327
Interest income	2,882	—	12,637	1,629	—	17,148
Income from carried interest	—	182,018	—	—	(149,628) <sup>(note)</sup>	32,390
Total revenue	352,021	401,345	21,629	1,629	(149,628)	626,996
Net investment gains	1,188	61,549	78,751	16,399	—	157,887
Total revenue and net investment gains	353,209	462,894	100,380	18,028	(149,628)	784,883
Compensation and benefit expenses	(227,214)	(61,051)	(62,629)	(12,506)	—	(363,400)
Carried interest to management team and other parties	—	(125,768)	—	—	103,420 <sup>(note)</sup>	(22,348)
Investment gains attributable to interest holders of consolidated structured entities	—	(13,884)	(14,836)	—	—	(28,720)
Impairment loss under expected credit loss model, net of reversal	1,462	(332)	(275)	(10)	—	845
Finance cost	—	—	(521)	(1,915)	—	(2,436)
Other operating expenses	(82,206)	(67,729)	(30,094)	(2,439)	—	(182,468)
Operating profit (loss)	45,251	194,130	(7,975)	1,158	(46,208)	186,356
Other income, gains or losses						61,893
Investment income arising from certain incidental and ancillary investments						5,275
Share of results of associates						(2,519)
Profit before tax						251,005
Income tax expense						(48,383)
Profit for the period						202,622

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Segment revenue and results (continued)

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 a joint venture 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, or high water marks, 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 RMB808,574,000 and RMB149,628,000 for the six months ended June 30, 2020 and 2019 respectively, which are based on the underlying fair value change of the respective funds managed by the Group. The associated expense adjustments represent the proportion of unrealised Carried Interest of RMB624,481,000 and RMB103,420,000 for the six months ended June 30, 2020 and 2019 respectively, that would be payable to fund management teams and other third parties. 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 proportion of Carried Interest recognised that is allocated to fund management teams and other parties (and only payable as a proportion of any Carried Interest received) is included, on a basis consistent with such income from Carried Interest, as an expense in the investment management segment.

However, for the six months ended June 30, 2020 and 2019, except for RMB20,931,000 and RMB32,390,000, 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”.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Segment assets and liabilities

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

### Geographical information

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

	Revenue from external customers		Non-current assets (note)	
	Six months ended June 30, 2020	2019	At June 30, 2020	At December 31, 2019
	RMB'000 (unaudited)	RMB'000 (unaudited) (restated)	RMB'000 (unaudited)	RMB'000 (audited)
Mainland China	409,158	546,566	1,360,845	800,844
Hong Kong	107,732	59,473	37,645	45,192
USA	22,747	20,957	13,698	15,897
	539,637	626,996	1,412,188	861,933

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

### 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited) (restated)
A point of time	299,516	390,521
Over time	204,707	219,327
	<b>504,223</b>	609,848

### 4. NET INVESTMENT GAINS

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited) (restated)
Net realised and unrealised gains from financial assets at fair value through profit or loss ("FVTPL")		
– Wealth management related products	17,695	13,632
– Asset management schemes	4,780	53,060
– Structured finance related products	5,702	1,188
– Financial bonds	7,836	–
– Unlisted investment funds at fair value	22,113	31,688
– Listed equity security investments	141,998	–
Net realised gains from financial assets at fair value through other comprehensive income ("FVTOCI")		
– Financial bonds	–	8,927
Gross gain from consolidated structured entities		
– Asset management schemes	20,463	15,934
Gross gain from investments in associates measured at fair value		
– Investment in funds	495,193	29,861
Net unrealised losses from financial liabilities at FVTPL		
– Securities borrowing	(94,498)	–
Dividend income from		
– Wealth management related products	6,511	3,597
	<b>627,793</b>	157,887

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 5. OTHER INCOME, GAINS OR LOSSES

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
		(restated)
Government grants (a)	14,549	20,901
Bank and loans interest income	—	22,357
Net exchange (loss) gain	(3,465)	419
Gain on disposal of a subsidiary	—	23,423
Others (b)	(2,989)	(5,207)
	8,095	61,893

Notes:

- (a) 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 People's Republic of China (the "PRC"), based on the Group's contribution to the development of the local financial sector. In addition, the Group recognised government grants of RMB852,000 in respect of Covid-19-related subsidies, of which RMB806,000 related to Employment Support Scheme provided by the Hong Kong government.
- (b) Others mainly included:
- An aggregated amount of RMB2,989,000 charitable donations were made by the Group for the six months ended June 30, 2020 (for the six months June 30, 2019: RMB4,932,000).

## 6. INVESTMENT INCOME ARISING FROM CERTAIN INCIDENTAL AND ANCILLARY INVESTMENTS

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
		(restated)
Passive Investment Income from		
— Equity security investment	—	6,632
— Cash management products	—	1,589
— Others	—	(2,946)
	—	5,275

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.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 7. INCOME TAX EXPENSE

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited) (restated)
Current tax:		
Mainland China	47,675	42,769
Hong Kong	7	24
In respect of current period	47,682	42,793
Deferred tax:		
— In respect of current period	(3,244)	5,590
Total income tax expense	44,438	48,383

### Mainland China

The applicable tax rate of group entities incorporated in the mainland China is 25%. Certain group entities incorporated in Tibet Autonomous Region are subject to a tax rate of 15% for both six month ended June 30, 2020 and 2019, according to the local preferential tax policies.

### Hong Kong

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

### USA

The group entity incorporated in the USA is subject to the federal tax rate at 21% and state income tax rate at 6.5% for both six-month periods ended June 30, 2020 and 2019.

### Cayman Islands and British Virgin Islands (“BVI”)

The Company and other group entities incorporated in the Cayman Islands are not subject to income or capital gains tax under the law of Cayman Islands. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

The group entities established in BVI are not subject to income tax or capital gains tax under the law of BVI.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 8. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
		(restated)
Depreciation of property and equipment	35,278	29,661
Amortisation of intangible assets	5,780	5,046
Expenses recognised relating to short-term leases	2,697	6,392
Staff costs, including directors' remuneration:		
– Directors' fees	680	650
– Salaries, bonus and other allowances	439,026	314,962
– Retirement benefit scheme contributions	7,203	12,465
– Equity-settled share-based payments expenses	35,516	35,323

## 9. DIVIDENDS

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Dividends to shareholders of the Company	79,896	—

During the six months ended June 30, 2020, a final dividend of 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, 2020 amounted to RMB79,896,000, and such cash dividend was paid on August 10, 2020.

No dividends were paid, declared or proposed during the six months ended June 30, 2019.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 10. 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:

	<b>Six months ended June 30,</b>	
	<b>2020</b>	2019
	<b>(unaudited)</b>	(unaudited)
		(restated)
<b>Earnings for the purpose of basic and diluted earnings per share</b>		
Earnings for the period attributable to owners of the Company (RMB'000)	<b>407,357</b>	176,766
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>491,278,923</b>	501,991,058
Effect of dilutive potential ordinary shares:		
Share options of the Group	<b>26,648,750</b>	38,448,073
Restricted share units of the Group	<b>1,963,047</b>	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>519,890,720</b>	540,439,131
<b>Basic earnings per share (RMB)</b>	<b>0.83</b>	0.35
<b>Diluted earnings per share (RMB)</b>	<b>0.78</b>	0.33

For the six months ended June 30, 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.

For the six months ended June 30, 2019, the share options 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 granted by the Company. No adjustment is made to earnings. The computation of diluted earnings per share for the six months ended June 30, 2019 has not considered the effect of restricted share units given that the effects are anti-dilutive.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 11. MOVEMENT IN PROPERTY AND EQUIPMENT

During the current interim period, the Group disposed of certain equipment with an aggregate carrying amount of nil (six months ended June 30, 2019: RMB527,000) at a total consideration of approximately nil (six months ended June 30, 2019: RMB527,000), without any gains or losses on disposal (nil for the six months ended June 30, 2019).

In addition, during the current interim period, the Group paid approximately RMB2,945,000 (six months ended June 30, 2019: RMB7,336,000) for addition of property and equipment.

During the current interim period, the Group does not entered into new lease agreements.

During the six months ended June 30, 2019, the Group entered into a new lease agreement for the use of office building with lease term for 2 years. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised right-of-use assets of RMB15,321,000 and lease liability RMB13,642,000.

## 12. MOVEMENT IN INTANGIBLE ASSETS

For the six months ended June 30, 2020 and 2019, the Group did not dispose of any intangible assets. During the current interim period, the Group paid approximately RMB12,061,000 (six months ended June 30, 2019: RMB742,000) on addition of software for the purpose of daily operation.

## 13. INVESTMENTS IN ASSOCIATES

	<b>As at June 30, 2020 RMB'000 (unaudited)</b>	<b>As at December 31, 2019 RMB'000 (audited)</b>
Investments in unlisted companies (a)	63,126	64,501
Investments in funds (b)	1,174,151	596,014
	<b>1,237,277</b>	660,515

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 13. INVESTMENTS IN ASSOCIATES (CONTINUED)

### (a) Investments in unlisted companies

Name of entity	Country of registration	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			At June 30, 2020	At December 31, 2019	At June 30, 2020	At December 31, 2019	
Shanghai Genus Information Technology Limited ("Genus") (Note 1)	Shanghai, PRC	PRC	4.98%	4.98%	4.98%	4.98%	Technology development
Fountainhead Partners Holding Company Limited ("Fountainhead") (Note 1)	Cayman Islands	Cayman Islands	11.80%	11.80%	11.80%	11.80%	Wealth management
Guangzhou Zhan Ze Investment Management Limited ("GZZZ")	Guangzhou, PRC	PRC	11.80%	11.80%	20.00%	20.00%	Investment management
Beijing Yuan Ji Hua Yi Sheng Wu Technology Co., Ltd ("HYSW") (Note 1)	Beijing, PRC	PRC	13.64%	13.64%	13.64%	13.64%	Technology development
Beijing Huarui Zhixun Technology Limited ("HRZX") (Note 2)	Beijing, PRC	PRC	45.22%	45.22%	45.22%	45.22%	Marketing and business information services

Notes:

- The Group is able to exercise significant influence because it has the power to appoint one out of the five directors under the Articles of Association of respective investee.
- As at December 31, 2019, the operation and development of HRZX has deteriorated significantly, the carrying amount of the investment in HRZX is tested for impairment in accordance with IAS 36 by comparing its recoverable amount with its carrying amount, and the investment in HRZX was fully impaired as at December 31, 2019. The operation of HRZX was not recovered in the six months ended June 30, 2020.

	As at June 30, 2020 RMB'000 (unaudited)	As at December 31, 2019 RMB'000 (audited)
Cost of unlisted investments in associates	107,912	107,997
Share of post-acquisition profit or loss and other comprehensive income	(5,501)	(4,000)
Impairment loss	(39,026)	(39,026)
Exchange adjustments	(259)	(470)
	<b>63,126</b>	64,501

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 13. INVESTMENTS IN ASSOCIATES (CONTINUED)

### (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:

	<b>As at June 30, 2020 RMB'000 (unaudited)</b>	<b>As at December 31, 2019 RMB'000 (audited)</b>
Cost of investments in funds	521,042	438,508
Fair value changes in funds (note)	629,527	140,587
Exchange adjustments	23,582	16,919
	<b>1,174,151</b>	596,014

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.

	<b>Place of incorporation</b>	<b>Ownership interest held</b>	
		<b>As at June 30, 2020</b>	<b>As at December 31, 2019</b>
Material Funds			
Shanghai Huasheng Lingshi Venture Capital Partnership (Limited Partnership)	Shanghai, PRC	1.94%	1.94%
Shanghai Huasheng Lingfei Equity Investment Partnership (Limited Partnership) ("HSLF")	Shanghai, PRC	1.02%	1.02%
Huaxing Capital Partners, L.P.	Cayman Islands	9.13%	9.13%
Huaxing Capital Partners II, L.P.	Cayman Islands	3.17%	3.17%
Huaxing Growth Capital III, L.P.	Cayman Islands	3.35%	3.64%
East Image Limited	BVI	20.50%	20.50%
Ningbo Meishan Bonded Port Area Huaxing Lingyun Equity Investment Partnership (Limited Partnership)	Ningbo, PRC	1.73%	1.73%

The Group is able to exercise significant influence over the above funds' operating and financial policies because it manages the funds' day to day investment and disposition activities on behalf of the fund under the constitutional document of above funds.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 13. INVESTMENTS IN ASSOCIATES (CONTINUED)

### (b) Investments in funds (continued)

#### *Summarized financial information of material fund investments*

	<b>As at June 30, 2020 RMB'000 (unaudited)</b>	As at December 31, 2019 RMB'000 (audited)
Funds		
Shanghai Huasheng Lingshi Venture Capital Partnership (Limited Partnership)		
Net asset value	<b>1,400,745</b>	1,423,334
Total comprehensive income (expense) for the period	<b>17,252</b>	(218,266)
HSLF		
Net asset value	<b>9,936,597</b>	9,272,443
Total comprehensive income for the period	<b>921,595</b>	1,919,871
Huaxing Capital Partners, L.P.		
Net asset value	<b>697,303</b>	693,696
Total comprehensive expense for the period	<b>(6,787)</b>	(67,468)
Huaxing Capital Partners II, L.P.		
Net asset value	<b>1,584,790</b>	1,593,461
Total comprehensive income for the period	<b>139,917</b>	3,958
Huaxing Growth Capital III, L.P.		
Net asset value	<b>2,149,256</b>	932,559
Total comprehensive income (expense) for the year	<b>181,480</b>	(348)
East Image Limited		
Net asset value	<b>2,356,204</b>	779,103
Total comprehensive income for the period	<b>1,593,958</b>	155,770
Ningbo Meishan Bonded Port Area Huaxing Lingyun Equity Investment Partnership (Limited Partnership)		
Net asset value	<b>4,454,545</b>	2,935,263
Total comprehensive income (expense) for the period	<b>14,790</b>	(37,654)

#### *Aggregate information of fund investments that are not individually material*

	<b>As at June 30, 2020 RMB'000 (unaudited)</b>	As at December 31, 2019 RMB'000 (audited)
Fair value change on funds	<b>95,147</b>	9,989
Carrying amount of the Group's investments in funds	<b>214,657</b>	79,052

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at June 30, 2020 RMB'000 (unaudited)	As at December 31, 2019 RMB'000 (audited)
Current		
Unlisted cash management products (Note i)	2,287,983	2,613,525
Money market funds (Note ii)	113,233	78,370
Listed financial bonds (Note iii)	401,018	409,451
Trust products (Note iv)	27,820	121,006
	<b>2,830,054</b>	<b>3,222,352</b>
Non-current		
Trust products (Note iv)	89,488	27,820
Listed equity security investments (Note v)	239,804	97,806
Unlisted investment funds at fair value (Note vi)	449,086	414,015
Unlisted debt security investments (Note vii)	145,391	143,268
Unlisted equity security investments (Note viii)	724,717	724,517
Restricted shares arising from investment in Sumscope (Note ix)	2,123	2,093
Call option for obtaining non-controlling interests (Note x)	99,113	97,667
	<b>1,749,722</b>	<b>1,507,186</b>

*Note i:* The Group purchased cash management products with expected rates of return per annum ranging from 2.00% to 3.26% as at June 30, 2020 (December 31, 2019: 1.46% to 3.13%). As these cash management products 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 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 2.90% to 7.20% as at June 30, 2020 (December 31, 2019: 3.60% 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.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

- Note iv:* The Group invested in trust products with expected return rate ranging from 9.50% to 11.0% per annum as at June 30, 2020 (December 31, 2019: 8.50% to 9.85%). 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:* 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 vii:* 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 viii:* 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 ix:* On May 22, 2018, the Group entered into a series of agreements to (i) subscribe for preferred shares in Sumscope Inc. for an aggregate consideration of approximately US\$10 million, (ii) subscribe for a warrant to acquire additional preferred shares in Sumscope Inc. for up to a total investment amount of US\$14 million, and (iii) subscribe for restricted ordinary shares, which shall be vested in accordance with a vesting schedule of four years, twenty-five percent of which shall vest annually in equal instalments over four years as of the execution of the agreements. The investments in preferred shares, warrant and restricted shares are measured at fair value, and changes in fair value are recognised in profit or loss. The warrant was exercised during the year of 2019. The investment in preferred shares are included in “unlisted debt security investments” at FVTPL.
- 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. (“Huajing Securities”), at the book value of the non-controlling interests exercisable at any time after its establishment. The fair value as at June 30, 2020 amounted to RMB99,113,000 (December 31, 2019: RMB97,667,000). 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 Huajing Securities and the estimate of the exercisability of the call option.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 15. ACCOUNTS AND OTHER RECEIVABLES

	As at June 30, 2020 RMB'000 (unaudited)	As at December 31, 2019 RMB'000 (audited)
Accounts receivables		
— Accounts receivable (Note i)	123,017	139,634
— Open trade receivable (Note ii)	867,602	584,285
— Receivable on behalf of underwriting clients (Note iii)	315,361	—
Advance to suppliers	21,555	23,126
Other receivables		
— Refundable deposits	342,830	95,881
— Staff loans	19,661	22,324
— Value-added tax recoverable	7,446	7,688
Others	24,638	7,896
Subtotal	1,722,110	880,834
Less: Impairment loss allowance	(1,724)	(1,740)
Total	1,720,386	879,094

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, 2020 RMB'000 (unaudited)	As at December 31, 2019 RMB'000 (audited)
0–30 days	105,833	114,698
31–60 days	86	15,800
61–90 days	1,840	502
91–180 days	11,707	5,873
181–360 days	2,973	1,561
> 360 days	32	214
	122,471	138,648

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

Note iii: Receivable on behalf of underwriting clients arose from the Group's underwriting business. As the Group currently does not have an enforceable right to offset these receivables with corresponding payables to underwriting clients, the two balances are presented separately.

Details of the impairment assessment are set out in Note 16.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

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

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited) (restated)
Impairment loss recognised/(reversed) in respect of		
Accounts and other receivables	200	(1,497)
Loans to third parties	(1,437)	391
Loans to related parties	—	(27)
Amounts due from related parties	1,443	332
Financial assets at FVTOCI	—	(44)
Other financial assets	(7)	—
	<b>199</b>	<b>(845)</b>

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, 2020 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2019.

## 17. ACCOUNTS AND OTHER PAYABLES

	As at June 30,	As at December 31,
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(audited)
Salaries, bonus and other benefit payables	343,332	381,040
Open trade payable (note)	867,602	584,285
Payable to brokerage clients (note)	121,410	232,933
Payable to underwriting clients (note)	315,361	—
Other payables	31,635	37,298
Consultancy fee payables	20,047	18,735
Carried interests to management team and other parties	5,438	3,561
Other tax payables	11,847	14,679
Accrued listing expenses and issue costs	251	2,016
Accrued expenses	19,920	12,243
Dividend payable	79,896	—
	<b>1,816,739</b>	<b>1,286,790</b>

Note: 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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 18. BANK BORROWINGS

During the current interim period, the Group obtained new bank loans amounting to RMB202,340,000 (six months ended June 30, 2019: nil) and repaid bank loans amounting to RMB147,256,000 (six months ended June 30, 2019: nil). The loans carry interest at fixed market rates per annum ranging from 2.19375% to 5.90% are repayable in instalments over a period within one year. The proceeds were used for daily operation for the Group.

## 19. SHARE CAPITAL

	Number of shares	Nominal value per share US\$	Share capital US\$	
<b>Authorised</b>				
At January 1, 2019, January 1, 2020 and June 30, 2020	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
<b>Issued and fully paid</b>				
At January 1, 2019	543,863,412	0.000025	13,597	89,228
Shares repurchased and cancelled	(3,878,400)	0.000025	(97)	(668)
Exercise of share options	1,394,000	0.000025	35	240
At January 1, 2020	<b>541,379,012</b>	<b>0.000025</b>	<b>13,535</b>	<b>88,800</b>
Shares repurchased and cancelled (note)	<b>(8,737,800)</b>	<b>0.000025</b>	<b>(218)</b>	<b>(1,546)</b>
Exercise of share options	<b>2,223,500</b>	<b>0.000025</b>	<b>56</b>	<b>394</b>
At June 30, 2020	<b>534,864,712</b>		<b>13,373</b>	<b>87,648</b>
		<b>As at June 30, 2020</b>	<b>As at December 31, 2019</b>	
		<b>RMB'000</b>	<b>RMB'000</b>	
		<b>(unaudited)</b>	<b>(audited)</b>	
Presented as		<b>88</b>	<b>89</b>	

Note:

Out of 8,747,400 ordinary shares repurchased during the six months ended June 30, 2020, 8,727,800 shares were cancelled while the remaining 19,600 ordinary shares were cancelled in July 2020. Besides, 10,000 shares repurchased in December 2019 and cancelled in February 2020.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 20. SHARE-BASED PAYMENTS

### (a) Details of the share option scheme of the Company

The share option scheme of the Company (the “Scheme”) was adopted pursuant to a resolution passed on August 24, 2012 for the primary purpose of providing incentives to eligible employees. The maximum number of shares that may be issued under the Scheme shall be 18,750,000 ordinary shares. Subsequently in 2015, the maximum number was approved to be expanded to 22,826,087 ordinary shares. After the share subdivision on August 28, 2018, the maximum number was adjusted to 91,304,348 ordinary shares.

The table below discloses movement of the Company’s share options held by the Group’s employees and executive directors:

	Number of share options
Outstanding as at January 1, 2020	49,948,000
Exercised during the period	(2,223,500)
Outstanding as at June 30, 2020	47,724,500

Share-based compensation expenses of RMB16,851,000 for share options has been recognised in profit or loss for the six months ended June 30, 2020 (six months ended June 30, 2019: RMB29,074,000).

### (b) Details of the employee restricted share scheme of the Company

The 2018 Restricted Share Unit (“RSU”) Plan of the Company was adopted pursuant to a resolution passed on June 15, 2018 for the primary purpose of providing incentives to eligible employees, directors and consultants. 40,000,000 shares have been issued to Honor Equity Limited and Sky Allies Development Limited (the “Trusts”) for distribution of shares corresponding to RSUs. The Company has control over the Trusts and waived the consideration for shares issued. The Trusts purchase the Company’s shares in the open market using cash contributed by the Company to satisfy awards made under the share award scheme.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 20. SHARE-BASED PAYMENTS (CONTINUED)

### (b) Details of the employee restricted share scheme of the Company (continued)

The table below discloses movement of the Company's RSUs held by the Group's employees and executive directors:

	Number of RSUs
Outstanding as at January 1, 2020	6,656,788
Granted during the period	4,693,616
Vested during the period	(1,156,723)
Outstanding as at June 30, 2020	10,193,681

On April 1, 2020, the Company granted 4,693,616 time-based RSU to employees and will be vested yearly over three years with yearly instalments after April 1, 2020. The Group used share price of HK\$11.86 on April 1, 2020 to determine the fair value on grant date.

Share-based compensation expenses of RMB18,665,000 for restricted shares has been recognised in profit or loss for the six months ended June 30, 2020 (six months ended June 30, 2019: RMB6,249,000).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 21. RELATED PARTY TRANSACTIONS AND BALANCES

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.

### (a) Amounts due from related parties

#### *Amounts due from related parties — trade nature*

	As at June 30, 2020 RMB'000 (unaudited)	As at December 31, 2019 RMB'000 (audited)
Huaxing Yihui LLC	1,291	—
Huaxing Capital Partners, L.P.	4,528	3,321
Huaxing Capital Partners II, L.P.	38,019	31,853
Green Galaxy LLC	513	—
Glory Galaxy LLC	71	—
Huaxing Growth Capital III, L.P.	—	2,363
CR HB XI Venture Feeder, L.P.	605	307
Shenzhen Huashi Pengyi Investment Partnership (Limited Partnership) (“HSPY”)	—	4,012
Shanghai Huasheng Lingjin Investment Partnership (Limited Partnership)	1,602	—
Huaxing Yichong LLC	152	—
Less: Impairment loss allowance	(844)	(551)
	<b>45,937</b>	41,305

These are funds managed by the Group in which the Group has significant influence. The trade balance represents the fee and carried interest receivable in relation to the fund management service provided by the Group, which is non-interest bearing.

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, 2020 RMB'000 (unaudited)	As at December 31, 2019 RMB'000 (audited)
0—30 days	3,285	8,858
31—60 days	2,740	2,183
61—90 days	2,732	2,184
91—180 days	8,369	6,572
181—360 days	17,062	21,508
> 360 days	11,749	—
	<b>45,937</b>	41,305

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 21. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

### (a) Amounts due from related parties (continued)

#### Amounts due from related parties — non-trade nature

	Notes	As at June 30, 2020 RMB'000 (unaudited)	As at December 31, 2019 RMB'000 (audited)
Huaxing Capital Partners II, L.P.	i	48	—
Huaxing Growth Capital III, L.P.	i	40	—
Dazi Chonghua Enterprise Management Co., Ltd.	ii(a)	5,297	5,304
Du Yongbo	iii	5,400	2,700
East Image Limited	i	—	42
HSPY	i	—	3,800
Tianjin Chonghua Enterprise Management Consulting Co., Ltd.	i	3	—
HRZX	iv(a)	2,150	—
No. 2 Tianjin Huaxing Heli Health Equity Investment Partnership (Limited Partnership)	i	8	—
No. 3 Tianjin Huaxing Heli Health Equity Investment Partnership (Limited Partnership)	i	8	—
No. 4 Tianjin Huaxing Heli Health Equity Investment Partnership (Limited Partnership)	i	7	—
No. 5 Tianjin Huaxing Heli Health Equity Investment Partnership (Limited Partnership)	i	7	—
No. 6 Tianjin Huaxing Heli Health Equity Investment Partnership (Limited Partnership)	i	7	—
Beijing Huajie Ruizhong Investment Management Center (Limited Partnership)	i	17	—
HHF Lotus Partners L.P.	i	2,505	—
East Classic Development Limited	i	57	—
Huaxing Capital Partners, L.P.	i	36	—
Less: Impairment loss allowance		(1,713)	(565)
		<b>13,877</b>	<b>11,281</b>

#### Advance to related parties

	Notes	As at June 30, 2020 RMB'000 (unaudited)	As at December 31, 2019 RMB'000 (audited)
HRZX	iv(b)	—	321
Beijing Pengyang Enterprise Management Co., Ltd. ("PYEM")	v(a)	236	474
		<b>236</b>	<b>795</b>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

### 21. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

#### (b) Amounts due to related parties

##### *Amounts due to related parties — trade nature*

	Notes	<b>As at June 30, 2020 RMB'000 (unaudited)</b>	As at December 31, 2019 RMB'000 (audited)
HSLF	vi	55,898	218,948
FBH Partners Limited ("FBH")	vii(a)	274	307
Bao Fan	vii(a)	206	202
CR High Growth I, L.P.	viii	—	172,807
Ray Galaxy Limited	viii	—	3,725
Fortune Triumph Holdings Limited	viii	—	4,423
Sky Galaxy Investment Limited	viii	—	3,432
World Legend Limited	viii	—	9,990
CR Leading Future Limited	viii	5	39,075
HRZX	iv(c)	608	921
		<b>56,991</b>	453,830

The credit period granted by the related parties ranges from 30 to 360 days. Aging of amounts due to related parties-trade nature are as follows:

	<b>As at June 30, 2020 RMB'000 (unaudited)</b>	As at December 31, 2019 RMB'000 (audited)
0—30 days	56,391	453,300
31—60 days	—	77
61—90 days	—	77
91—180 days	—	223
181—360 days	450	153
> 360 days	150	—
	<b>56,991</b>	453,830

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 21. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

### (b) Amounts due to related parties (continued)

#### *Contract liabilities*

	As at June 30, 2020 RMB'000 (unaudited)	As at December 31, 2019 RMB'000 (audited)
Shanghai Huasheng Lingshi Venture Investment Partnership (Limited Partnership)	9,430	264
Ningbo Meishan Bonded Port Area Huahao Investment Management Partnership (Limited Partnership)	1,618	711
Shanghai Peixi Investment Management Partnership (Limited partnership)	905	655
HSLF	51,341	1,604
Ningbo Meishan Bonded Port Area Huaxing Lingyun Equity Investment Partnership (Limited Partnership)	54,717	—
Ningbo Meishan Bonded Port Area Huaxing Linghong Equity Investment Partnership (Limited Partnership)	9,361	—
Huajie (Tianjin) Health Investment Partnership (Limited Partnership)	6,910	—
No. 1 Tianjin Huaxing Heli Health Equity Investment Partnership (Limited Partnership)	9,694	—
Huaxing Growth Capital III, L.P.	548	—
Shenzhen Huasheng Lingxiang Equity Investment Partnership (Limited Partnership)	193	383
	<b>144,717</b>	3,617

These are funds managed by the Group in which the Group has significant influence and the balances represent advance payment of management fee from related parties in relation to the fund management services provided by the Group.

### (c) The transactions with related parties are listed out below:

		Six months ended June 30, 2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited) (restated)
Marketing service from: HRZX	iv(d)	327	425

		Six months ended June 30, 2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited) (restated)
Consulting service from: Shanghai Huayou Business Consulting Limited	x	94	—

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 21. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

### (c) The transactions with related parties are listed out below: (continued)

	Notes	Six months ended June 30,	
		2020	2019
		RMB'000 (unaudited)	RMB'000 (unaudited) (restated)
Fund raising commission to:			
PYEM	v(b)	236	—
Dazi Huasheng Venture Investment Partnership (Limited Partnership)	ix	282	—

	Notes	Six months ended June 30,	
		2020	2019
		RMB'000 (unaudited)	RMB'000 (unaudited) (restated)
Consulting service to:			
HRZX	iv(e)	—	913

		Six months ended June 30,	
		2020	2019
		RMB'000 (unaudited)	RMB'000 (unaudited) (restated)
Realised carried interest income:			
HSPY		20,931	4,012
Huaxing Capital Partners, L.P.		—	38,032

Funds managed by the Group, and the Group recognised carried interest income from these entities.

	Notes	Six months ended June 30,	
		2020	2019
		RMB'000 (unaudited)	RMB'000 (unaudited) (restated)
Accrued carried interest to:			
FBH	vii(b)	—	7,612
High Fortune Investments Limited	ii(b)	—	1,446

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 21. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) The transactions with related parties are listed out below: (continued)

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
		(restated)
Management fees from:		
Huaxing Capital Partners L.P.	1,153	1,746
Huaxing Capital Partners II, L.P.	11,720	11,374
Shanghai Huasheng Lingshi Venture Capital Partnership (Limited Partnership)	8,594	9,502
HSLF	47,250	50,695
Huajie (Tianjin) Health Investment Partnership (Limited Partnership)	9,519	10,092
Ningbo Meishan Bonded Port Area Huaxing Lingyun Equity Investment Partnership (Limited Partnership)	51,059	71,347
Ningbo Meishan Bonded Port Area Huaxing Linghong Equity Investment Partnership (Limited Partnership)	8,735	8,711
Green Galaxy LLC	510	491
Huaxing Yihui LLC	1,285	1,236
Shanghai Peixi Investment Management Partnership (Limited Partnership)	423	421
CR HB XI Venture Feeder, L.P.	291	232
Ningbo Meishan Bonded Port Area Huahao Investment Management Partnership (Limited Partnership)	842	842
Huaxing Yichong LLC	151	49
Shenzhen Huasheng Lingxiang Equity Investment Partnership (Limited Partnership)	193	565
Glory Galaxy LLC	70	68
Huaxing Growth Capital III, L.P.	42,771	34,572
Tianjin Huajie Haihe Health Investment Partnership (Limited Partnership)	1,332	698
Shanghai Huasheng Lingjin Equity Investment Partnership (Limited Partnership)	179	175

These are funds managed by the Group in which the Group has significant influence. Management fees are received or receivable from the funds relating to the management service provided by the Group.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 21. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

### (c) The transactions with related parties are listed out below: (continued)

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,
  - a. The balance represents amount due from the entity in relation to certain investments disposed of by the Group.
  - b. The Group accrued carried interest to the entity during the six months ended June 30, 2019.
- iii. Du Yongbo is the executive director of the Company, and the balance is unsecured, interest free and repayable on demand.
- iv. HRZX is the Group's associate after February 28, 2019,
  - a. The balance is unsecured, interest free and repayable on demand.
  - b. The balance represents advance payment to HRZX in relation to marketing services received by the Group.
  - c. The balance represents amount due to the entity in relation to consulting services received by the Group.
  - d. The Group received marketing services from the entity during the six months ended June 30, 2020.
  - e. The Group provides consulting services to the entity during the six months ended June 30, 2019.
- v. Mr. Bao Fan is the Chief Executive Officer of the Company. A close member of Mr. Bao Fan's family has significant influence over PYEM.
  - a. The balance represents advance payment to the entity in relation to the fund raising service during the six months ended June 30, 2020.
  - b. The entity provides fund raising services to the Group during the six months ended June 30, 2020.
- vi. HSLF is a fund managed by the Group, the balance represents the amount that is received from HSLF in respect of dealing in securities, which is kept in a segregated account.
- vii. FBH and Mr. Bao Fan are controlling shareholders of the Group,
  - a. The balances represent amounts due to the controlling shareholders in respect of dealing in securities, which are kept in segregated accounts.
  - b. The Group accrued carried interest to the controlling shareholders during the six months ended June 30, 2019.
- viii. Entities managed by the Group in which the Group has significant influence and the balances represent amounts due to the entities in respect of dealing in securities, which are kept in segregated accounts.
- ix. An entity managed by the Group in which the Group has significant influence, provided fund raising services to the Group during the six months ended June 30, 2020.
- x. A joint venture of the Group, and the Group received consulting services from the entity during the six months ended June 30, 2020.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 21. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

### (d) Compensation of key management personnel

The remunerations of the key management during the period were as follows:

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited) (restated)
Salaries, bonus and other allowance	23,221	17,110
Retirement benefit scheme contributions	384	353
Equity-settled share-based payments expenses	18,803	19,098
	42,408	36,561

The remunerations of the key management are determined by the remuneration committee having regard to the performance of individuals and market trends.

### *Other related party transactions*

In addition to the above, the Group has other related party transactions as follows:

Mr. Bao Fan is the Chief Executive Officer of the Company. A close member of Bao Fan's family has significant influence over Pengyang Asset Management Co., Ltd ("Pengyang"). During the six months ended June 30, 2020 and 2019, the Group purchased cash management products at market price from Pengyang. The cash management products balances held by the Group were RMB38,661,000 as of June 30, 2020 (December 31, 2019: RMB425,986,000).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 22. STRUCTURED ENTITIES

### 22.1 Consolidated structured entities

The consolidated structured entities of the Group mainly included general partners of investment funds, funds managed by the Group and asset management schemes where the Group involves as manager. As at June 30, 2020, the aggregate net assets of the consolidated structured entities amounted to RMB468,763,000 (December 31, 2019: RMB411,963,000).

As being the general partner and manager of these structured entities and have majority interests in these structured entities, the Group considers it has control over such structured entities and those structured entities should be consolidated by the Group.

### 22.2 Unconsolidated structured entities

#### (1) Structured entities managed by third party institutions in which the Group holds interests

The Group holds interests in these structured entities managed by third party institutions through investments in the beneficial rights or products issued relating to these structured entities. The Group does not consolidate these structured entities as the Group does not have power over them. Such structured entities include cash management products, investments in funds, money market funds and trust products managed by third parties.

The following tables set out an analysis of the gross carrying amounts of interests held by the Group as at June 30, 2020 and December 31, 2019 in the structured entities managed by third party institutions.

	As at June 30, 2020 (unaudited)			Type of income
	Other financial assets RMB'000	Financial assets at FVTPL RMB'000	Maximum risk exposure (Note) RMB'000	
Cash management products	—	2,287,983	2,287,983	Net investment gains
Investments in funds	—	449,086	449,086	Net investment gains
Trust products	—	117,308	117,308	Net investment gains
Money market funds	—	113,233	113,233	Net investment gains
Private equity fund with fixed interest rate	141,718	—	141,718	Interest income
<b>Total</b>	<b>141,718</b>	<b>2,967,610</b>	<b>3,109,328</b>	

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 22. STRUCTURED ENTITIES (CONTINUED)

### 22.2 Unconsolidated structured entities (continued)

#### (1) Structured entities managed by third party institutions in which the Group holds an interest (continued)

	As at December 31, 2019 (audited)			Type of income
	Other financial assets RMB'000	Financial assets at FVTPL RMB'000	Maximum	
			risk exposure (Note) RMB'000	
Cash management products	—	2,613,525	2,613,525	Net investment gains
Investments in funds	—	414,015	414,015	Net investment gains
Trust products	—	148,826	148,826	Net investment gains
Money market funds	—	78,370	78,370	Net investment gains
Private equity fund with fixed interest rate	139,650	—	139,650	Interest income
<b>Total</b>	<b>139,650</b>	<b>3,254,736</b>	<b>3,394,386</b>	

Note: As at June 30, 2020 and December 31, 2019, all of these unconsolidated structured entities are recorded in financial assets at fair value through profit or loss and other financial assets. The maximum exposures to loss in the above investments are the carrying amounts of the assets held by the Group at the end of each reporting period.

#### (2) Structured entities managed by the Group

The types of unconsolidated structured entities managed by the Group include funds where it acts as the general partner. The purpose of managing these structured entities is to generate fees and carried interest from managing assets on behalf of the funds. Interest held by the Group includes fees and carried interest charged by providing management services to these structured entities and the net investment gains from these structured entities.

For the six months ended June 30, 2020, the management fee recognised amounted to RMB 199,534,000 (six months ended June 30, 2019: RMB219,327,000).

For the six months ended June 30, 2020, the carried interest recognised amounted to RMB20,931,000 (six months ended June 30, 2019: RMB32,390,000).

For the six months ended June 30, 2020, the net investment gains recognised amounted to RMB495,193,000 (six months ended June 30, 2019: RMB29,861,000).

As at June 30, 2020, the Group's interests in these structured entities amounted to RMB 1,174,151,000 (December 31, 2019: RMB596,014,000).

As at June 30, 2020, the amount of assets held by the funds managed by the Group amounted to RMB37,627 million (December 31, 2019: RMB29,560 million).



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 23. COMMITMENTS

As at June 30, 2020, the Group had commitments for future investments in funds, associates and the Joint Venture invested by the Group amounted to RMB186,682,000 (December 31, 2019: RMB178,905,000).

## 24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

This note provides information about how the Group determines fair value of the following financial assets and financial liabilities that are measured at fair value on a recurring basis.

	Fair value as at June 30, 2020 RMB'000 (unaudited)	Fair value as at December 31, 2019 RMB'000 (audited)	Fair value Hierarchy	Valuation technique and key input	Significant unobservable input(s)
<b>Financial assets</b>					
Unlisted investment funds at fair value	449,086	414,015	Level 3	Note (1)	Note (1)
Debt security investments	145,391	143,268	Level 2	Recent transaction price	N/A
Call option for obtaining non-controlling interests	99,113	97,667	Level 3	Note (2)	Note (2)
Restricted shares	2,123	2,093	Level 2	Recent transaction price	N/A
Financial bonds	401,018	409,451	Level 1	Open market transaction price	N/A
Money market funds	113,233	78,370	Level 2	Quoted price from a financial institution	N/A
Cash management products	2,287,983	2,613,525	Level 2	Quoted price from a financial institution	N/A
Unlisted equity investments	724,717	724,517	Level 2	Recent transaction price	N/A
Listed equity security investments	239,804	97,806	Level 1	Open market transaction price	N/A
Trust products	117,308	148,826	Level 2	Quoted price from a financial institution	N/A
Associates measured at fair value	1,174,151	596,014	Level 3	Note (3)	Note (3)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

**Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)**

	Fair value as at June 30, 2020 RMB'000 (unaudited)	Fair value as at December 31, 2019 RMB'000 (audited)	Fair value Hierarchy	Valuation technique and key input	Significant unobservable input(s)
<b>Financial liabilities</b>					
Payables to interest holders of consolidated structured entities in which the Group is the general partner of the investment funds	635,162	582,105	Level 3	Note (4)	Note (4)
Payables to interest holders of consolidated structured entities which are asset management schemes managed by the Group	150,601	165,179	Level 2	Fair value of the underlying investments with observable prices	N/A
Securities borrowing	222,295	—	Level 1	Open market transaction price	N/A

Notes:

- (1) The Group's investments in unlisted investment funds which were classified as financial assets at FVTPL under level 3 hierarchy amounted to RMB 449,086,000 as at June 30, 2020 (December 31, 2019: RMB414,015,000). The significant unobservable input is the net assets value of the underlying investments made by the funds. The higher the net assets value of the underlying investments, the higher the fair value of the financial assets at FVTPL will be. A 5% increase/decrease in the net assets value of the underlying investments, holding all other variables constant, would increase/decrease the carrying amounts of these investments by RMB 22,454,000 as at June 30, 2020 (December 31, 2019: RMB20,701,000).
- (2) The Group's call option to obtain non-controlling interests amounting to RMB99,113,000 as at June 30, 2020 (December 31 2019: RMB97,667,000) is under level 3 hierarchy. The fair value was determined by Black Scholes model based on the fair value and book value of the underlying net assets' of Huajing Securities as well as estimate of the exercisability of the option. Discounted cash flow method was used to determine the fair value of underlying net assets' of Huajing Securities. The fair value of underlying net assets' of Huajing Securities is most significantly affected by estimated cash flows. The higher the estimated cash flows, the higher the fair value of the call option will be. A 5% increase/decrease in the estimated cash flows, holding all other variables constant, would increase/decrease the carrying amount of the call option of the Group by RMB7,079,000 as at June 30, 2020 (December 31, 2019: RMB6,976,000).
- (3) The Group's associates measured at fair value amounted to RMB1,174,151,000 as at June 30, 2020 (December 31, 2019: RMB596,014,000) are under level 3 hierarchy. The significant unobservable input is the net assets value of the underlying investments made by the funds managed by the Group. The higher the net assets value of the underlying investments, the higher the fair value of the investments in associates will be. A 5% increase/decrease in the net assets value of the underlying investments, holding all other variables constant, would increase/decrease the carrying amount of the investments in associates of the Group by RMB 58,708,000 as at June 30, 2020 (December 31, 2019: RMB29,801,000).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

### Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Notes: (continued)

- (4) The Group's payables to interest holders of consolidated structured entities in which the Group is the general partner of the investment funds amounting to RMB635,162,000 as at June 30, 2020 (December 31, 2019: RMB582,105,000) are under level 3 hierarchy. The significant unobservable input is the net assets value of the investment funds managed by the Group. The higher the net assets value of the investment funds managed, the higher the fair value of payables to interest holders of consolidated structured entities will be. A 5% increase/decrease in the net assets value of the investment funds managed, holding all other variables constant, would increase/decrease the carrying amount of payables to interest holders of consolidated structured entities by RMB31,758,000 as at June 30, 2020 (December 31, 2019: RMB29,105,000).

Reconciliation of level 3 fair value measurements of financial assets is as below:

	<b>Unlisted investment funds at fair value RMB'000</b>
At January 1, 2019 (audited)	314,888
Capital contribution	53,302
Disposal	(5,971)
Changes in fair value	48,385
Effect of exchange rate change	3,411
Balance at December 31, 2019 (audited)	<b>414,015</b>
Capital contribution	<b>13,637</b>
Distribution	<b>(2,525)</b>
Changes in fair value	<b>20,520</b>
Effect of exchange rate change	<b>3,439</b>
Balance at June 30, 2020 (unaudited)	<b>449,086</b>
	<b>Call option for obtaining non-controlling interests RMB'000</b>
At January 1, 2019 (audited)	96,771
Change in fair value	(689)
Effect of exchange rate change	1,585
Balance at December 31, 2019 (audited)	<b>97,667</b>
Effect of exchange rate change	<b>1,446</b>
Balance at June 30, 2020 (unaudited)	<b>99,113</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

**Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)**

Reconciliation of level 3 fair value measurements of financial assets is as below: (continued)

	<b>Associates measured at fair value RMB'000</b>
At January 1, 2019 (audited)	509,000
Capital contribution	44,298
Distribution	(15,418)
Changes in fair value	49,266
Effect of exchange rate change	8,868
Balance at December 31, 2019 (audited)	<b>596,014</b>
Capital contribution	<b>94,552</b>
Distribution	<b>(12,018)</b>
Changes in fair value	<b>488,940</b>
Effect of exchange rate change	<b>6,663</b>
Balance at June 30, 2020 (unaudited)	<b>1,174,151</b>
	<b>Payables to interest holders of consolidated structured entities in which the Group is the general partner of the investment funds RMB'000</b>
At January 1, 2019 (audited)	79,390
Capital contribution	486,575
Distribution	(9,143)
Changes in fair value	19,605
Effect of exchange rate change	5,678
Balance at December 31, 2019 (audited)	<b>582,105</b>
Capital contribution	<b>38,808</b>
Distribution	<b>(4,032)</b>
Changes in fair value	<b>24,811</b>
Effect of exchange rate change	<b>(6,530)</b>
Balance at June 30, 2020 (unaudited)	<b>635,162</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended June 30, 2020

## 24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

### Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Reconciliation of level 3 fair value measurements of financial assets is as below: (continued)

	Warrant RMB'000
At January 1, 2019 (audited)	3,912
Change in fair value	(3,930)
Effect of exchange rate change	18
Balance at December 31, 2019	—

Of the total gains or losses for the period included in profit or loss, RMB517,306,000 relates to financial assets at FVTPL and investments in fund accounted for as associates measured at fair value held at the end of the current reporting period (six months ended June 30, 2019: RMB58,603,000). Such fair value gains or losses are included in "net investment gains" and "Passive Investment Income".

### Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximated their fair values at the end of each reporting period.

## 25. COMPARATIVE FIGURES

The condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month ended June 30, 2019, and certain explanatory notes have been restated to conform with the current period presentation.

# DEFINITIONS

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“AUM” or “asset under management”	the value of assets managed by a fund manager, including the fair value of investments held by the funds, plus the capital contributed but not invested, the capital that the fund manager is entitled to call from the investors pursuant to the terms of their respective capital commitments; which, when used to refer to our AUM or asset under management, shall exclude that of our project funds from which we do not derive management fees and income from carried interest
“Board”	the board of directors of our Company
“Carried Interest Distribution Framework Agreement”	the framework agreement entered into by, among others, the Company and Huagan Shanghai on June 15, 2018 (and amended and restated on September 11, 2018) in relation to the distribution of carried interest to the designated individuals of the Group’s investment funds, the details of which are set out in the section headed “Connected Transactions” of the Prospectus
“CG Code”	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Listing Rules
“China” or “PRC”	the People’s Republic of China, and for the purpose of this report only, except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”, “our Company” or “the Company”	China Renaissance Holdings Limited (華興資本控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on July 13, 2011
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Connected Investment Team Members”	has the same meaning as defined in the section headed “Connected Transactions” of the Prospectus
“connected transactions”	has the meaning ascribed to it under the Listing Rules
“COVID-19”	The 2019 Novel Coronavirus

## DEFINITIONS (CONTINUED)

“CR Partners”	CR Partners Limited, a company incorporated in the British Virgin Islands with limited liability on July 5, 2011 and one of our controlling shareholders
“Dazi Huashi”	Dazi Huashi Entrepreneurship Investment Management Co., Ltd. (達孜鑽石創業投資管理有限公司), a company incorporated with limited liability in China on October 20, 2014, and one of our Consolidated Affiliated Entities
“Director(s)”	the director(s) of our Company
“ESOP”	the employees’ share option plan of the Company as approved by the Board on August 24, 2012, which was amended and restated on March 1, 2013, April 27, 2015, and June 5, 2018
“FBH Partners”	FBH Partners Limited, our controlling shareholder, a company incorporated in the British Virgin Islands with limited liability on March 12, 2004 as an investment vehicle controlled by Mr. Bao, a Founder of our Group
“Group”, “our Group”, “the Group”, “we”, “us” or “our”	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Huajing Securities”	China Renaissance Securities (China) Co., Ltd. (華菁證券有限公司), a company incorporated in China, with limited liability on August 19, 2016 and an indirect subsidiary of the Company
“Huasheng Xinhang”	Shanghai Huasheng Xinhang Capital Management Center, L.P. (上海華晟信航股權投資管理中心(有限合夥)), a limited partnership registered in China on August 19, 2015, which is the general partner of Huaxing Growth Capital RMB Fund II

## DEFINITIONS (CONTINUED)

“Huaxing Growth Capital”	comprised of six main private equity funds managed under the Group’s investment management business, namely, Huaxing Growth Capital USD Fund I, Huaxing Growth Capital USD Fund II, Huaxing Growth Capital USD Fund III, Huaxing Growth Capital RMB Fund I, Huaxing Growth Capital RMB Fund II and Huaxing Growth Capital RMB Fund III
“Huaxing Healthcare Capital”	comprised of three main private equity funds under the Group’s investment management business, namely, Huaxing Healthcare RMB Fund I, Huaxing Healthcare RMB Fund II and Huaxing Healthcare Haihe Fund
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“IRR”	Internal Rate of Return
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	September 27, 2018 the date on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange
“Listing Rules”	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
“Mr. Bao”	Mr. Bao Fan (包凡), our Chairman, Executive Director and Controlling Shareholder
“Ningbo Xinshou”	Ningbo Meishan Bonded Port Huaxing Xinshou Capital Management Center, L.P. (寧波梅山保稅港區華興信守股權投資管理中心(有限合夥)), a limited partnership registered in China on April 11, 2017. Ningbo Xinshou is the general partner of Huaxing Growth Capital RMB Fund III



## DEFINITIONS (CONTINUED)

“Prospectus”	the prospectus of the Company dated September 14, 2018
“RMB” or “Renminbi”	Renminbi, the lawful currency of PRC
“Relevant Investment Funds”	has the same meaning as defined in the section headed “Connected Transactions” of the Prospectus
“Reporting Period”	the six months ended June 30, 2020
“ROAE”	Return on Average Equity
“RSU Plan”	the China Renaissance Holdings Limited 2018 Restricted Share Unit Plan as approved by Board on June 15, 2018
“RSUs”	restricted share units
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Quanyuan”	Shanghai Quanyuan Investment Co., Ltd. (上海全源投資有限公司), a company incorporated with limited liability in China on October 28, 2014, and one of our Consolidated Affiliated Entities
“Share(s)”	ordinary share(s) in the share capital of our Company, currently with a par value of US\$0.000025 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“STAR market”	Science and Technology Innovation Board of Shanghai Stock Exchange
“Tianjin Huahuang”	Tianjin Huahuang Enterprise Management Advisors Partners, L.P. (天津華煌企業管理諮詢合夥企業(有限合夥)), a limited partnership registered in China on July 16, 2018, which is the general partner of Huaxing Growth Capital RMB Parallel Fund III

## DEFINITIONS (CONTINUED)

“United States” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US dollars”, “U.S. dollars”, “US\$” or “USD”	United States dollars, the lawful currency of the United States
“%”	per cent

*Note:* Unless otherwise defined in this Interim Report, capitalised terms used herein bear the same meanings as defined in the Prospectus.



华兴资本

**CHINA RENAISSANCE HOLDINGS LIMITED**  
華興資本控股有限公司

Units 8107-08, International Commerce Centre  
1 Austin Road West, Kowloon, Hong Kong  
+852 2287 1600  
[ir@chinarenaissance.com](mailto:ir@chinarenaissance.com)