



Incorporated in Bermuda with limited liability
Stock Code : 1141

INTERIM REPORT 2024



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Abbreviations

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

"Board"	board of Directors
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"China Minsheng Bank"	China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange (stock code: 1988) and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 600016)
"China Minsheng Bank Group"	China Minsheng Bank and its subsidiaries, excluding members of the Group
"CMBCI"	CMBC International Holdings Limited, a company incorporated in Hong Kong with limited liability and an indirect controlling Shareholder of the Company
"CMBC International Investment"	CMBC International Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a controlling Shareholder of the Company
"CMBC International Investment (HK)"	CMBC International Investment (HK) Limited, a company incorporated in Hong Kong with limited liability and an indirect controlling Shareholder of the Company
"Company"	CMBC Capital Holdings Limited
"Director(s)"	director(s) of the Company
"Group"	the Company and its subsidiaries
"HK\$" and "HK cents"	Hong Kong dollars and Hong Kong cents, respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

Abbreviations

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Money Lenders Ordinance"	the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Nomination Committee"	the nomination committee of the Board
"PRC" or "China"	The People's Republic of China, for the purpose of this interim report only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Previous Period"	the six months ended 30 June 2023
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the six months ended 30 June 2024
"Risk Management and Internal Control Committee"	the risk management and internal control committee of the Board
"SFC"	the Securities and Futures Commission
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Shareholder(s)"	holder(s) of the Share(s)
"Share(s)"	the share(s) of the Company
"Share Award Scheme"	the share award scheme adopted by the Company on 19 February 2016
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategic Development Committee"	the strategic development committee of the Board
"US" or "United States"	The United States of America
"US\$"	United States dollars, the lawful currency in the United States
"%"	per cent

Corporate Information

(as at the date of this interim report)

BOARD OF DIRECTORS

Executive Directors

Mr. Li Baochen (*Chairman*)
Mr. Li Ming (*General Manager*)
Mr. Ng Hoi Kam

Non-executive Director⁽²⁾

Mr. Yang Kunpeng

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE⁽¹⁾⁽²⁾

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

NOMINATION COMMITTEE⁽¹⁾⁽²⁾

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

COMPANY SECRETARY

Mr. Wong Tin Yu

TRADING OF SHARES

The Stock Exchange of Hong Kong Limited

STOCK CODE

1141

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL BANKERS

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

LEGAL ADVISER

Ashurst Hong Kong
43/F Jardine House
1 Connaught Place
Central
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants Hong Kong
Registered Public Interest Entity Auditor

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

<http://www.cmbccap.com>

Notes:

⁽¹⁾ Mr. Li Baochen was appointed as a member of each of the Remuneration Committee and Nomination Committee, with effect from 28 June 2024.

⁽²⁾ Mr. Li Wenshi retired as a non-executive Director and ceased to be a member of each of the Remuneration Committee and Nomination Committee, with effect from 28 June 2024.

Management Discussion and Analysis

BUSINESS REVIEW

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

During the Reporting Period, the Group recorded revenue of approximately HK\$156.7 million, representing a period-over-period decrease of approximately 40.9%. The net profit amounted to approximately HK\$79.7 million, representing a period-over-period turnaround from loss to profit. The turnaround from loss to profit was mainly attributable to the significant overall decrease in the provision of expected credit losses on the Group’s bond investments during the Reporting Period and a noticeable overall increase in the fair value of investments during the Reporting Period. The aforesaid increase in the fair value of the Group’s investments includes an unrealised gain of approximately HK\$108.6 million on the Group’s investment in an equity security (the “**Investment**”) and the unrealised gain arising from the Investment is affected by the share price of the investee, and the performance of the share price after the Reporting Period depends on various factors and is thus uncertain. Further details of the Investment are disclosed in the section headed “Significant Investments Held” below. Other than the above, the Group’s operating performance and cash flows remained stable during the Reporting Period.

Securities

During the Reporting Period, driven by refinancing needs, the number and scale of Chinese offshore bond issuances increased significantly when compared with the Previous Period. The customer base of the Group’s offshore bond underwriting business is still mainly financial institutions and investment-grade local state-owned enterprises. During the Reporting Period, the Group completed a total of 118 bond underwriting issuances, with a total issuance size exceeding US\$24.0 billion. Investment-grade bonds accounted for more than 70% of the total underwriting issuances. The credit qualifications of the underwriting entities remain robust.



Management Discussion and Analysis

BUSINESS REVIEW (CONTINUED)

Investment and Financing

During the Reporting Period, the external environments were more challenging. The negative effects of high inflation and high interest rates were emerging gradually, and global economic growth and demand were slowing down. During 2024, the Chinese government launched several fiscal and monetary policies to stimulate the economy. However, dragged by the global macro-environment and the fact that policy implementation requires time, the pace of domestic economic recovery was relatively slow. Inflation in Europe and the United States has declined, and the momentum of economic growth has weakened. The European Central Bank has taken the lead in starting an interest rate cutting cycle. It is expected that the Federal Reserve will start cutting interest rates during the year, which will provide further support for bond investment. During the Reporting Period, the price of investment-grade Chinese US dollar bonds was relatively stable, while the price of high-yield Chinese US dollar bonds diverged. The growth rates of A shares and Hong Kong stocks were low as compared with the stock markets in Europe, US, Japan, etc. In this regard, the Group increased the provision of allowance for expected credit losses on certain high-yield bond investments and adjusted the fair value of certain of its investments in equity securities based on the individual circumstances, and further strengthened the risk control on the financing business.

In terms of investments, the Group focused on the Greater China region, and gradually expanded to other developed regions such as Asia, Europe and the United States, with a focus on industries that are in the growth or expansion stage and with highly competitive barriers, and actively sought companies with outstanding core technological advantages and stronger revenue growth and profit potential. The Group also focused on technological innovation enterprises and medical and pharmaceutical healthcare enterprises with higher growth potential that comply with the requirements of Chapter 18A of the Listing Rules.

In terms of financing, the Group provided customized financing solutions with different structures or forms according to customers' needs and provided a series of services including transaction structure design, coordination of intermediaries and overall financing arrangements. Specific products include but are not limited to asset-backed loans, merger and acquisition loans, equity pledge financing, bridge financing, etc. The Group adopts a prudent development strategy with respect to financing based on risk control.

Asset Management

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

Management Discussion and Analysis

BUSINESS REVIEW (CONTINUED)

Asset Management (Continued)

During the Reporting Period, the Group strengthened risk control measures in the face of macro challenges such as continued high inflation in the United States, significant fluctuations in US treasury yields and geopolitical risks, so as to ensure efficient management of the net value of products. As at 30 June 2024, the net asset value of the public funds recorded stable growth, with the net asset value of CMBC Aggregate Greater China Select Bond Fund and CMBC Aggregate Greater China Strategy Fund increasing by approximately 1.99% and 8.15%, respectively, as compared with their respective net asset value as at 31 December 2023.

Meanwhile, the Group followed the development trend of the local asset management and wealth management business in Hong Kong, and successfully applied for and established CMBC Asset Management Open-ended Fund Company in Hong Kong during the Reporting Period. In the future, the Group will launch a variety of fund products in a timely manner according to business development needs to further enrich the categories of asset management products.

Corporate Finance and Advisory

During the Reporting Period, despite the unfavorable market atmosphere, the Group had overcome the difficulties and assisted Newtrend Technology Co., Ltd.* (新琪安科技股份有限公司) and Yoc Group in the submission of listing applications to the Stock Exchange. The Group expects that the stock market may continue to fluctuate in the second half of the year and it will continue to make solid preparations. With respect to stock underwriting, despite the unstable market environment, the Group completed a total of nine stock underwriting projects during the Reporting Period. The Group acted as the joint overall coordinator in the listing project of Fujing Holdings Co., Limited (stock code: 2497), the joint global coordinator in the listing projects of WellCell Holdings Co., Limited (stock code: 2477) and Dida Inc. (stock code: 2559) and the joint bookrunner in six other projects. The projects above covered the industries of agricultural products, carpooling, telecommunication network services, construction, artificial intelligence, Software as a Service (SaaS) services, city service and property management, data centers and fine chemicals.

In terms of customer referral services, the Group has gradually formed a diversified product and service synergy matrix, including insurance referral and non-financial services, by combining its own rich resources on the domestic customer side and years of mature operational experience on the offshore product side.

* For identification purpose only



Management Discussion and Analysis

PROSPECTS AND DEVELOPMENT STRATEGIES

Prospects

Hong Kong's economy has maintained a moderate recovery since 2024, with an actual year-on-year GDP growth of 2.7% and 3.3% in the first and second quarters respectively, which was better than the market forecast. Looking ahead to the second half of the year, Hong Kong's economy is expected to remain robust. In terms of domestic demand, Hong Kong's economy remains resilient, with consumer tourism growing moderately, eight more mainland cities opening up independent travel to Hong Kong and Macau, and the Hong Kong government launching a number of measures to attract tourists, which will help restore local consumer demand. In terms of investment, it is expected that after major developed countries worldwide enter into an interest rate cut cycle, Hong Kong's interest rates will begin to fall in the fourth quarter, which will help promote investment activities and the recovery of the residential real estate market. In terms of external demand, demand from European and American economies is weakening gradually, and geopolitics still has an uncertain impact on global trade. However, the replenishment of inventories in Europe and the United States and the "rush for exports" before the end of the US election may bring short-term benefits to import and export trade. Finally, as global interest rates decline and liquidity recovers, credit demand will recover, and the tightening of the mainland's capital market will attract more high-quality companies to apply for listing in Hong Kong. The demand for wealth management will remain strong, and the prosperity of the financial industry is also expected to pick up. In general, Hong Kong's economy is expected to maintain a steady growth in the second half of 2024.

Development Strategies

Since 2024, the Hong Kong capital market has been impacted by repeated swings in interest rate cut expectations of the US, tense geopolitical situations and volatility in elections of the US, Europe and the United Kingdom, and is still facing a complex and severe situation. Under such circumstances, the management of the Group has assessed the situation and conscientiously implemented the decisions and arrangements of our controlling Shareholder, China Minsheng Bank, and the Board, and has actively implemented the development strategy of "One Minsheng", fully leveraged the advantages of licenses held by the Group and the role of the Group's platform, comprehensively promoted cross-border business synergy, and provided all-rounded services to China Minsheng Bank and its customers, in particular the diversified financial services demanded by its core customers. Specific measures are as follows:

- (1) Continuously strengthen cross-border coordination and integration into the overall development of China Minsheng Bank; adhere to comprehensive marketing coverage, increase our efforts in the promotion of business collaboration with China Minsheng Bank, its branches and affiliated institutions, and fully explore project cooperation opportunities.

Management Discussion and Analysis

PROSPECTS AND DEVELOPMENT STRATEGIES (CONTINUED)

Development Strategies (Continued)

- (2) Fully develop the strategic investment banking business. By targeting professional sectors such as TMT (Technology, Media and Telecommunications), new energy, high technology, large consumption and social services, biomedicine and mergers and acquisitions, which are currently under the spotlight of research and investment, the Group will cooperate with renowned equity investment institutions and securities firms to take multiple measures to expand the marketing channels of sponsored projects. For the bond underwriting business, the Group will focus on leading projects to enhance profit-generating capabilities. The Group will also actively promote its entrusted asset management business and increase its efforts in product net value management and collaborative marketing so to grasp development opportunities given the integration and interconnection of the Greater Bay Area, thus creating an all-rounded diversified asset management platform.
- (3) Solidly promote the foundational wealth management business. The business ability to create stable cash flow will be comprehensively enhanced and the functions of different departments will be leveraged continuously to empower the development of our investment banking business; the Group will introduce a professional and efficient team to steadily improve its Hong Kong stocks brokerage trading capabilities and accelerate the establishment of a one-stop trading platform, which enables profitable trading of US stocks, Japanese stocks, futures and over-the-counter products.
- (4) Comprehensively enhance risk compliance management capabilities. The Group will adhere to the principles of subject responsibility, address both symptoms and root causes, adopt classified management, meticulously analyze the causes of issues and formulate and implement rectification plans effectively; it will also enhance planning and implementation in terms of risk governance structure, authorisation and concentration. The Group shall guarantee access to new investment and financing to ensure that the credit risks arising from such relevant investment and financing will be properly managed. The Group will strictly implement risk monitoring and early warning systems, closely monitor and adopt early warning and prevention measures in advance.

The Group will continue to carry forward the spirit of hard work and grow in a challenging environment, adhere to the established strategy that focuses on risk control, internal control and compliance as top priorities, and on top of adhering to the baseline of risk and compliance, continue to strengthen synergies and collaboration in order to steadily enhance the competitiveness of the investment banking business, and make every effort to promote the transformation of the Group's business development strategy and enhance the Group's brand influence to create long-term value for customers, Shareholders, employees and the society.

Management Discussion and Analysis

FINANCIAL RESULTS

During the Reporting Period, the Group's profit attributable to the owners of the Company was approximately HK\$79.7 million, as compared to a loss of approximately HK\$250.5 million in the Previous Period, representing a turnaround from loss to profit. The Group's basic and diluted earnings per share was approximately 7.16 HK cents (basic and diluted loss per share in the Previous Period: 22.32 HK cents).

Revenue

The Group's revenue decreased by approximately 40.9% to approximately HK\$156.7 million during the Reporting Period, as compared to approximately HK\$265.2 million in the Previous Period. The decrease in revenue was mainly due to the significant year-on-year decrease in the size of fixed-income investments and the decline in asset management scale, resulting in the significant decrease of interest income from fixed-income investments and the decrease of income from asset management fees. The table below presents the breakdown of segment revenue (including net gains or losses from investment) and segment results during the Reporting Period with comparative figures for the Previous Period:

	Segment Revenue and Net Gains or Losses from Investment For the six months ended 30 June		Segment Results For the six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Securities	14,682	9,159	(562)	(18,189)
Fixed-income direct investment	43,530	141,265	(22,600)	(180,603)
Other investment and financing	103,761	(6,082)	92,990	(92,582)
Asset management	51,498	73,518	39,626	62,599
Corporate finance and advisory	25,783	6,375	13,623	(2,962)
Others	–	–	(20,810)	(5,332)
Total	239,254	224,235	102,267	(237,069)

Management Discussion and Analysis

FINANCIAL RESULTS (CONTINUED)

Securities Segment

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

During the Reporting Period, the revenue contributed by the securities segment increased to approximately HK\$14.7 million, while the segment results experienced a loss of HK\$0.6 million, representing a significant period-on-period decrease, and the revenue and loss amounted to approximately HK\$9.2 million and HK\$18.2 million, respectively, in the Previous Period. The increase in segment revenue was mainly due to the increase in bond underwriting business and increase in commission income from brokerage and related services, while the significant decrease in segment loss was mainly due to the increase in revenue and significant decrease in the provision of expected credit losses during the Reporting Period in the margin financing business.

Investment and Financing Segment

Fixed-income Direct Investment

During the Reporting Period, revenue and net investment losses from the fixed-income direct investment segment, which included but is not limited to coupons from the bonds under direct investment, amounted to an aggregate of approximately HK\$43.5 million as compared to approximately HK\$141.3 million in the Previous Period. Segment loss decreased to approximately HK\$22.6 million, compared to a loss of approximately HK\$180.6 million for the Previous Period. The decrease in segment revenue was mainly due to the decrease in coupon income as a result of the significant decrease in the scale of bond investments during the Reporting Period; the decrease in segment loss was mainly due to the significant decrease in the provision for expected credit losses for bond investments during the Reporting Period.

Other Investment and Financing

During the Reporting Period, revenue and net investment gains and losses from the other investment and financing segment, which included but is not limited to coupons, dividends and distribution income from bonds (other than those under fixed-income direct investment), listed equities, unlisted equity interests and unlisted funds, as well as interest income from loans, amounted to an aggregate of approximately HK\$103.8 million as compared to approximately -HK\$6.1 million in the Previous Period. The turnaround of segment revenue and net investment gains and losses from negative to positive was mainly due to a rebound in the fair value of investments. The segment results experienced a turnaround from a loss to a profit of approximately HK\$93.0 million, compared to a loss of approximately HK\$92.6 million for the Previous Period. The turnaround of segment results from a loss to a profit was mainly due to the turnaround of segment revenue and net investment gains and losses from negative to positive, as well as the significant decrease in the provision of expected credit losses on loans during the Reporting Period.

Management Discussion and Analysis

FINANCIAL RESULTS (CONTINUED)

Investment and Financing Segment (Continued)

Other Investment and Financing (Continued)

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

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Investment		
Listed equities (measured at FVTPL)	17,499	23,066
Listed equities (measured at FVOCI)	25,324	17,710
Unlisted equity interests	308,917	200,933
Bonds (measured at FVOCI)	1,948,318	2,252,108
Bonds (measured at FVTPL)	139,015	383,707
Bonds (measured at amortised costs)	15,736	15,740
Unlisted funds	648,911	643,242
Total	3,103,720	3,536,506
Financing		
Loans and advances	54,886	55,137

As at 30 June 2024, the Group's investment portfolio mainly included but is not limited to listed equities, bonds, unlisted equity interests and unlisted funds, covering a wide range of sectors such as industrial, healthcare, technology, consumer goods, real estate and finance.

As at 30 June 2024, the proprietary investment assets of the Group amounted to approximately HK\$3.1 billion (31 December 2023: HK\$3.5 billion), including bond investments of approximately HK\$2.1 billion (31 December 2023: HK\$2.7 billion). The future performance of such a portfolio will depend on many factors, including uncertainties in the financial markets, the economic development trends in both Hong Kong and the Mainland China and investors' sentiment.

During the Reporting Period, the Group's investment portfolio generated a revenue of approximately HK\$62.4 million (Previous Period: HK\$159.1 million) in total, including interest income of approximately HK\$22.8 million (Previous Period: HK\$55.8 million) from debt securities investments, interest income of approximately HK\$5.6 million (Previous Period: HK\$19.9 million) from FVTPL investments and dividend income and other investment income of approximately HK\$34.0 million (Previous Period: HK\$83.4 million).

Management Discussion and Analysis

FINANCIAL RESULTS (CONTINUED)

Investment and Financing Segment (Continued)

Other Investment and Financing (Continued)

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

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

The financing business of the Group focuses on short-to-mid term financing so as to maintain the flexibility and high liquidity of the Group's asset allocation. During the Reporting Period, the Group granted loans to three market participants, all of which are different types of market participants in the non-essential consumer goods industry; the overall credit and operational risks of the Group's financing business are controllable through the Group's thorough pre-investment, peri-investment and post-investment management, the setting up of practicable risk control measures and the stringent risk review of customers and projects. The Group constantly monitors and adjusts the concentration, maturity profile and risk-to-revenue ratio of its asset portfolio, in order to strike a balance between the overall risk and revenue generation.

Asset Management Segment

The Group's asset management segment recorded revenue of approximately HK\$51.5 million during the Reporting Period as compared to approximately HK\$73.5 million in the Previous Period and segment profit of approximately HK\$39.6 million during the Reporting Period as compared to approximately HK\$62.6 million in the Previous Period. The decrease in segment revenue and profit was due to the declined asset management scale and the absence of performance fee income during the Reporting Period.

Corporate Finance and Advisory Segment

During the Reporting Period, the Group recorded a revenue of approximately HK\$25.8 million and segment profit of approximately HK\$13.6 million for the corporate finance and advisory segment, as compared to a revenue of approximately HK\$6.4 million and segment loss of approximately HK\$3.0 million in the Previous Period. The increase in segment revenue and the turnaround of segment results from a loss to a profit was due to the customer service income incurred and increase in sponsor income during the Reporting Period.

Management Discussion and Analysis

FINANCIAL RESULTS (CONTINUED)

Administrative Expenses and Finance Costs

Administrative expenses and finance costs for the Reporting Period amounted to approximately HK\$136.7 million in aggregate as compared to approximately HK\$221.3 million in the Previous Period. The analysis and breakdown of the administrative expenses and finance costs are set out below:

	For the six months ended	
	30 June 2024 HK\$'000	30 June 2023 HK\$'000
Staff costs	40,588	30,638
Depreciation	11,085	11,158
Other operating expenses	26,811	29,949
Finance costs	58,174	149,555
Total	136,658	221,300

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

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

The decrease in finance costs was mainly due to the decrease in financing scale as a result of decrease in bond investment scale.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Capital Structure

As at 30 June 2024, the total number of the issued Shares with a par value of HK\$0.4 each was 1,108,002,693 (including 6,497,000 Shares repurchased for cancellation but not yet cancelled) (31 December 2023: 1,119,361,693 (including 9,463,000 Shares repurchased for cancellation but not yet cancelled)) and the total equity attributable to the Shareholders was approximately HK\$1,389.9 million (31 December 2023: HK\$1,252.7 million).

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

Liquidity and Financial Resources

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

Management Discussion and Analysis

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE (CONTINUED)

Liquidity and Financial Resources (Continued)

As at 30 June 2024, the Group had current assets of approximately HK\$3,840.0 million (31 December 2023: HK\$4,445.8 million) and liquid assets comprising cash (excluding cash held on behalf of customers), investment in listed equity securities and debt investments totaling approximately HK\$2,412.6 million (31 December 2023: HK\$3,062.1 million).

The Group's current ratio as at the end of the Reporting Period, calculated based on current assets of approximately HK\$3,840.0 million (31 December 2023: HK\$4,445.8 million) over current liabilities of approximately HK\$2,494.5 million (31 December 2023: HK\$3,257.1 million), was approximately 1.5 (31 December 2023: 1.4).

The Group's finance costs for the Reporting Period mainly comprised the interest on loans from CMBCI of approximately HK\$21.6 million (Previous Period: HK\$68.7 million), interest on repurchase agreements of approximately HK\$35.6 million (Previous Period: HK\$79.5 million) and interest on lease liabilities of approximately HK\$1.0 million (Previous Period: HK\$1.3 million).

As at 30 June 2024, the Group's indebtedness mainly comprised loans from CMBCI and financial assets sold under repurchase agreements of approximately HK\$2,083.9 million (31 December 2023: HK\$2,834.0 million). The principal of the loans from CMBCI of approximately HK\$799.5 million (31 December 2023: HK\$1,789.3 million) were denominated in Hong Kong dollars and United States dollars and bore interests at 4% per annum (2023: 4% per annum) and were repayable within one year. As at 30 June 2024, the Group entered into repurchase agreements with financial institutions to sell bonds recognized as financial assets measured at fair value through other comprehensive income, financial assets measured at fair value through profit and loss and financial assets at amortised cost, with carrying amount of approximately HK\$1,760.6 million (31 December 2023: HK\$1,340.6 million), which are subject to simultaneous agreements to repurchase these investments at the agreed dates and prices.

The Group's gearing ratio as at the end of the Reporting Period, calculated on the basis of total indebtedness divided by the sum of total indebtedness and equity attributable to the Company's owners, was approximately 60.0% (31 December 2023: 69.3%).

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

PLEDGE OF ASSETS

Except as otherwise disclosed, as at 30 June 2024, the Group did not have other pledge or charge on assets (31 December 2023: Nil).



Management Discussion and Analysis

CONTINGENT LIABILITY

As at 30 June 2024, the Group did not have any significant contingent liabilities (31 December 2023: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

There is no specific plan for material investments or capital assets as at 30 June 2024. In the event that the Group has any plans for material investments or capital assets, the Company will make announcement(s) in compliance with relevant requirements under the Listing Rules as and when appropriate.

CAPITAL COMMITMENT

As at 30 June 2024, the Group did not have any significant capital commitments (31 December 2023: Nil).

SIGNIFICANT INVESTMENTS HELD

Set out below are the details of the investment held by the Group with a value of 5% or more of the Group's total assets as at the end of the Reporting Period:

As at the end of the Reporting Period, the Group held an equity investment in 1,748,160 domestic shares of Ubtech Robotics Corp Ltd ("**Ubtech**", a company listed on the Stock Exchange since 29 December 2023 (the "**Listing Date**")) (representing approximately 0.42% of the total number of issued shares of Ubtech as at the end of the Reporting Period) with a fair value of approximately HK\$267,468,000, which accounted for approximately 6.8% of the total assets of the Group. The investment cost was approximately HK\$157.0 million. The unrealized gain for the Reporting Period was approximately HK\$108.6 million. No dividend was received from Ubtech during the Reporting Period.

The unrealised gain arising from the investment in Ubtech is affected by the share price of Ubtech. The performance of the investment in Ubtech depends on various factors and is thus uncertain.

The aforesaid domestic shares were acquired by the Group before Ubtech's listing on the Stock Exchange for investment purpose. According to the latest annual report of Ubtech, the Ubtech group is dedicated to the design, production, commercialisation, sales and marketing and research development of smart service robotic products and services.

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS HELD (CONTINUED)

The Group is closely monitoring the performance of Ubtech and its share price and will take appropriate action depending on the market conditions and prospects of the investment in Ubtech.

Save as disclosed above, the Group did not hold any single significant investment with a value of 5% or more of the Group's total assets as at the end of the Reporting Period.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

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

FOREIGN CURRENCY RISK MANAGEMENT

The Group's revenue is mainly denominated in United States dollars and Hong Kong dollars while its expenditure is mainly denominated in Hong Kong dollars. The Group's foreign exchange exposure is mainly from the translation of assets and liabilities denominated in United States dollars. The Group does not use derivative financial instruments to hedge its foreign currency risk. As Hong Kong dollars are pegged to United States dollars, the Directors believe that the Group's foreign exchange exposure is manageable and the Group will closely monitor this risk exposure from time to time.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2024, the Group had about 88 (30 June 2023: 75) employees. For the Reporting Period, the total staff costs, including Directors' remuneration, was approximately HK\$40.6 million (Previous Period: HK\$30.6 million). Remuneration packages for employees are structured by reference to market terms, individual competence, performance and experience. Benefit plans maintained by the Group include the mandatory provident fund scheme, subsidised training program, share award scheme and discretionary bonuses.



Other Information

EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the Reporting Period, the fair value of an equity investment held by the Group has declined by approximately HK\$115 million as at 28 August 2024. The Directors considered such change as a non-adjusting event.

RISK MANAGEMENT CAPABILITIES

The Group has always attached great importance to risk management and internal control and has always operated in compliance with the law by effectively preventing and controlling risks. The Board has established the Risk Management and Internal Control Committee to monitor the Group's overall risk management structure and determine the Company's overall risk appetite and risk management strategies. The Group adopts a pragmatic approach to manage different risks according to professional categories, and implements comprehensive risk management, mainly including money laundering risk, credit risk, market risk, legal compliance risk, operational risk and liquidity risk. The Group has implemented comprehensive risk management policies and internal control procedures to monitor, evaluate and manage risks involved in various businesses. The Group strictly implements various risk management work in accordance with the existing governance structure, strengthens dynamic situation analysis and risk monitoring, implements and continues to improve risk management measures and internal monitoring systems and enhances the culture and concept of risk management and compliance.

INTERIM DIVIDEND

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

SHARE AWARD SCHEME

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

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

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

Other Information

SHARE AWARD SCHEME (CONTINUED)

As the Company has yet to set and seek Shareholders' approval on the service provider sublimit (as defined in Rule 17.03(3) of the Listing Rules) under the Share Award Scheme pursuant to Rule 17.03B(2) of the Listing Rules, no share awards can be granted to service providers (as defined in Rule 17.03A(1)(c) of the Listing Rules) under the Share Award Scheme as at the beginning and the end of the Reporting Period.

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

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

As at 30 June 2024, none of the Directors nor the chief executive of the Company or their respective associates had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be and were recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

Other Information

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2024, according to public information available on the website of the Stock Exchange and to the knowledge of the Directors, the following Shareholders, other than a Director or the chief executive of the Company, had an interest in the Shares which was recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Capacity/ nature of interest	Number of Shares held	Approximate percentage of the issued Shares of the Company	Long position/ Short position
China Minsheng Bank	Interest of controlled corporations	760,588,477 (Note)	68.65%	Long position
CMBCI	Interest of controlled corporation	758,166,477 (Note)	68.43%	Long position
	Beneficial owner	2,422,000 (Note)	0.22%	Long position
		760,588,477	68.65%	
CMBC International Investment (HK)	Interest of controlled corporation	758,166,477 (Note)	68.43%	Long position
CMBC International Investment	Beneficial owner	758,166,477 (Note)	68.43%	Long position

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

Save as disclosed above, as at 30 June 2024, according to public information available on the website of the Stock Exchange and to the knowledge of the Directors, no companies or persons, other than a Director or the chief executive of the Company, had an interest or short position in the Shares and underlying Shares which was recorded in the register required to be kept by the Company under section 336 of the SFO.

Other Information

CORPORATE GOVERNANCE

The Company has complied with all applicable provisions of the CG Code throughout the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirms that all Directors have complied with the required standards as set out in the Model Code throughout the Reporting Period.

REVIEW OF INTERIM RESULTS

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

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

The Board considers that the repurchase of Shares could increase the net asset value per Share, so the Company repurchased a total of 8,393,000 Shares on the Stock Exchange, with a total consideration (before transaction costs) of approximately HK\$2.14 million for the Reporting Period. As at the end of the Reporting Period, 6,497,000 Shares have been repurchased and were pending cancellation, and no Share has been repurchased and held as a treasury share. As at the date of this interim report, all repurchased Shares have been cancelled.

Other Information

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

Details of the repurchases are as follows:

Month of repurchase	Total Shares repurchased	Highest price paid per Share (HK\$)	Lowest price paid per Share (HK\$)	Total consideration paid (HK\$'000)
January	1,370,000	0.335	0.290	428
February	526,000	0.315	0.290	159
March	119,000	0.305	0.300	36
April	3,856,000	0.305	0.242	1,012
May	740,000	0.260	0.250	188
June	1,782,000	0.245	0.164	317
Total	8,393,000			2,140

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

Li Baochen

Chairman

Hong Kong, 29 August 2024

Report on Review of Condensed Consolidated Financial Statements



羅兵咸永道

To the Board of Directors of CMBC Capital Holdings Limited
(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements set out on pages 25 to 60, which comprises the condensed consolidated statement of financial position of CMBC Capital Holdings Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at 30 June 2024 and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on condensed consolidated financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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



Report on Review of Condensed Consolidated Financial Statements

CONCLUSION

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 29 August 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

		Six months ended 30 June 2024 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Unaudited)
	Notes		
Revenue	4	156,673	265,217
Net gains/(losses) on financial assets/ liabilities at fair value through profit or loss ("FVTPL")		93,994	(25,162)
Net losses on financial assets at fair value through other comprehensive income ("FVOCI")		(11,413)	(15,820)
Other income	5	9,630	19,206
Other losses	6	(261)	(9,658)
Impairment losses	7	(9,698)	(249,552)
Staff costs		(40,588)	(30,638)
Depreciation		(11,085)	(11,158)
Other operating expenses		(26,811)	(29,949)
Finance costs	8	(58,174)	(149,555)
Profit/(loss) before taxation	9	102,267	(237,069)
Taxation	10	(22,594)	(13,432)
Profit/(loss) for the period attributable to owners of the Company		79,673	(250,501)
		HK cents	HK cents
Earnings/(loss) per share attributable to owners of the Company	11		
– Basic		7.16	(22.32)
– Diluted		7.16	(22.32)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Six months ended	
	30 June 2024 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Unaudited)
Profit/(loss) for the period attributable to owners of the Company	79,673	(250,501)
Other comprehensive income		
Item that will not be reclassified to profit or loss:		
– Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	31,817	40,199
Item that may be reclassified subsequently to profit or loss:		
– Financial assets at fair value through other comprehensive income – net movement in fair value reserve (recycling)	27,824	94,461
Other comprehensive income for the period, net of tax	59,641	134,660
Total comprehensive income/(loss) for the period attributable to owners of the Company	139,314	(115,841)

The notes on pages 32 to 60 form part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		3,877	5,141
Right-of-use asset		46,417	56,021
Goodwill		16,391	16,391
Intangible assets		960	960
Financial assets at amortised cost		15,736	15,740
Other assets		15,954	19,524
		99,335	113,777
Current assets			
Accounts receivable	14	64,746	104,826
Prepayments, deposits and other receivables		140,781	21,658
Interest receivables		30,316	42,682
Loans and advances	13	54,886	55,137
Financial assets at fair value through other comprehensive income	15	1,973,642	2,269,818
Financial assets at fair value through profit or loss	16	1,114,342	1,250,948
Financial assets held under resale agreements		18,447	–
Tax recoverable		370	10,586
Cash held on behalf of customers		135,027	254,016
Cash and cash equivalents		307,393	436,102
		3,839,950	4,445,773

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Current liabilities			
Accounts payable	17	142,573	286,930
Other payables and accruals		141,876	44,496
Amount due to an intermediate holding company		24,712	32,864
Loans from an intermediate holding company	18	860,803	1,829,010
Tax payable		836	–
Financial assets sold under repurchase agreements	19	1,284,358	1,044,658
Financial liabilities at fair value through profit or loss	20	17,693	–
Lease liabilities		21,610	19,183
		2,494,461	3,257,141
Net current assets		1,345,489	1,188,632
Total assets less current liabilities		1,444,824	1,302,409
Non-current liabilities			
Lease liabilities		29,308	39,445
Deferred tax liabilities		25,640	10,262
		54,948	49,707
NET ASSETS		1,389,876	1,252,702
CAPITAL AND RESERVES			
Share capital	21	443,201	447,745
Reserves		946,675	804,957
TOTAL EQUITY		1,389,876	1,252,702

The notes on pages 32 to 60 form part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Note	Attributable to owners of the Company							
		Share capital HK\$'000	Share premium HK\$'000	Contributed surplus* HK\$'000	Fair value reserve (recycling) HK\$'000	Fair value reserve (non-recycling) HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 31 December 2023 (audited)		447,745	1,614,322	1,823,745	(93,126)	(105,853)	(3,751)	(2,430,380)	1,252,702
Profit for the period		-	-	-	-	-	-	79,673	79,673
Other comprehensive income		-	-	-	27,824	31,817	-	-	59,641
Total comprehensive income		-	-	-	27,824	31,817	-	79,673	139,314
Disposal of equity investments at fair value through other comprehensive income		-	-	-	-	6,128 ^a	-	(6,128) ^a	-
Shares repurchased but not yet cancelled		-	-	-	-	-	(1,553)	-	(1,553)
Shares repurchased and cancelled	21 (i)	(4,544)	(555)	-	-	-	4,512	-	(587)
At 30 June 2024 (unaudited)		443,201	1,613,767	1,823,745	(65,302)	(67,908)	(792)	(2,356,835)	1,389,876

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

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

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

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

The notes on pages 32 to 60 form part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Six months ended	
	30 June 2024 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Unaudited)
Net cash from operating activities	871,248	1,881,159
Net cash used in investing activities		
Purchases of property, plant and equipment	(217)	(2,064)
	(217)	(2,064)
Net cash used in financing activities		
Repurchase of shares	(2,140)	(2,930)
New borrowings raised	132,086	20,000
Repayments of borrowings	(1,121,869)	(2,250,817)
Principal and interest elements of lease payments	(8,667)	(10,401)
	(1,000,590)	(2,244,148)
Net decrease in cash and cash equivalents	(129,559)	(365,053)
Cash and cash equivalents at the beginning of the period	436,102	982,858
Effect of foreign exchange rate changes, net	850	1,425
Cash and cash equivalents at the end of the period	307,393	619,230

The notes on pages 32 to 60 form part of these condensed consolidated financial statements.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

1 BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and in compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). They were authorised for issue on 29 August 2024.

These condensed consolidated financial statements contain selected explanatory notes which include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of CMBC Capital Holdings Limited (“**the Company**”) and its subsidiaries (collectively referred to as “**the Group**”) since the 2023 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements.

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

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

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with HKFRSs.

2 CHANGES IN ACCOUNTING POLICIES

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

2 CHANGES IN ACCOUNTING POLICIES (continued)

The following amendments to accounting standards are applicable for annual reporting periods commencing on or after 1 January 2024:

- Classification of Liabilities as Current or Non-current – Amendments to HKAS 1
- Lease Liability in a Sale and Leaseback – Amendments to HKFRS 16
- Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7
- Non-current Liabilities with Covenants – Amendments to HKAS 1
- Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – Amendments to HK Int 5 (Revised)

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

3 SEGMENT INFORMATION

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

3 SEGMENT INFORMATION (continued)

Disaggregation of revenue

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

	Six months ended 30 June 2024 HK\$'000	30 June 2023 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by service lines		
– Commission income from brokerage and related services	5,478	667
– Commission income from underwriting, sub-underwriting, placing and sub-placing	10,442	4,064
– Financial advisory, sponsorship, arrangement fee and other service income	23,655	4,324
– Asset management fee, investment advisory services fee and performance fee income	51,498	73,518
	91,073	82,573
Revenue from other sources		
Loan and financing		
– Interest income from provision of finance and securities margin financing	3,185	23,541
Financial investments		
– Interest income from debt securities investments	22,801	55,811
– Interest income from FVTPL investments	5,583	19,900
– Dividend income and other investment income	34,031	83,392
	62,415	159,103
	156,673	265,217

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

3 SEGMENT INFORMATION (continued)

Disaggregation of revenue (continued)

Disaggregation of revenue is set out below:

For the six months ended	Securities		Fixed-income direct investment		Other investment and financing		Asset management		Corporate finance and advisory		Total	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15	13,792	2,680	-	-	-	-	51,498	73,518	25,783	6,375	91,073	82,573
Revenue from other sources												
Loan and financing												
– Interest income from provision of finance and securities margin financing	890	6,479	-	-	2,295	17,062	-	-	-	-	3,185	23,541
Financial investments												
– Interest income from debt securities investments	-	-	22,801	55,811	-	-	-	-	-	-	22,801	55,811
– Interest income from FVTPL investments	-	-	5,235	17,732	348	2,168	-	-	-	-	5,583	19,900
– Dividend income and other investment income	-	-	34,031	81,397	-	1,995	-	-	-	-	34,031	83,392
	-	-	62,067	154,940	348	4,163	-	-	-	-	62,415	159,103
Reportable segment revenue	14,682	9,159	62,067	154,940	2,643	21,225	51,498	73,518	25,783	6,375	156,673	265,217

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

3 SEGMENT INFORMATION (continued)

Segment revenue and results

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

	Six months ended 30 June 2024						
	Securities HK\$'000	Fixed-income direct investment HK\$'000	Other investment and financing HK\$'000	Asset management HK\$'000	Corporate finance and advisory HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue and investment gains/(losses)							
– Reportable segment revenue	14,682	62,067	2,643	51,498	25,783	–	156,673
– Net (losses)/gains on financial assets/liabilities at fair value through profit or loss	–	(7,124)	101,118	–	–	–	93,994
– Net losses on financial assets at fair value through other comprehensive income	–	(11,413)	–	–	–	–	(11,413)
	14,682	43,530	103,761	51,498	25,783	–	239,254
Other income	2,144	1,889	60	–	67	5,470	9,630
Other gains and losses	(12)	360	(157)	(21)	(74)	(357)	(261)
Segment expenses	(17,376)	(68,379)	(10,674)	(11,851)	(12,153)	(25,923)	(146,356)
Segment results	(562)	(22,600)	92,990	39,626	13,623	(20,810)	102,267

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

3 SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

3 SEGMENT INFORMATION (continued)

Segment assets and liabilities

	As at 30 June 2024						
	Securities HK\$'000	Fixed- income direct investment HK\$'000	Other investment and financing HK\$'000	Asset management HK\$'000	Corporate finance and advisory HK\$'000	Others HK\$'000	Total HK\$'000
Assets							
Segment assets	365,532	2,325,142	1,091,727	36,622	26,112	94,150	3,939,285
Liabilities							
Segment liabilities	178,046	2,150,759	128,118	198	–	92,288	2,549,409

	As at 31 December 2023						
	Securities HK\$'000	Fixed-income direct investment HK\$'000	Other investment and financing HK\$'000	Asset management HK\$'000	Corporate finance and advisory HK\$'000	Others HK\$'000	Total HK\$'000
Assets							
Segment assets	596,612	2,735,371	1,001,299	40,942	22,343	162,983	4,559,550
Liabilities							
Segment liabilities	351,269	2,806,935	100,401	198	448	47,597	3,306,848

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

4 REVENUE

	Six months ended	
	30 June 2024 HK\$'000	30 June 2023 HK\$'000
Commission income from brokerage and related services	5,478	667
Commission income from underwriting, sub-underwriting, placing and sub-placing	10,442	4,064
Interest income from debt securities investments	22,801	55,811
Interest income from FVTPL investments	5,583	19,900
Interest income from provision of finance and securities margin financing	3,185	23,541
Dividend income and other investment income	34,031	83,392
Financial advisory, sponsorship, arrangement fee and other service income	23,655	4,324
Asset management fee, investment advisory services fee and performance fee income	51,498	73,518
	156,673	265,217

5 OTHER INCOME

	Six months ended	
	30 June 2024 HK\$'000	30 June 2023 HK\$'000
Bank interest income	3,905	10,187
Office sharing fee income	4,440	4,440
Other income	1,285	4,579
	9,630	19,206

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

6 OTHER LOSSES

	Six months ended	
	30 June 2024 HK\$'000	30 June 2023 HK\$'000
Net exchange losses	(261)	(9,658)

7 IMPAIRMENT LOSSES

	Six months ended	
	30 June 2024 HK\$'000	30 June 2023 HK\$'000
Provision/(reversal) of impairment losses on		
– Loans and advances (Note 13)	134	67,226
– Accounts receivable (Note 14)	1,387	21,442
– Financial assets at fair value through other comprehensive income (Note 15)	6,569	156,795
– Interest receivables	1,588	4,067
– Financial assets held under resale agreements	21	22
– Financial assets at amortised cost	(1)	–
	9,698	249,552

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

8 FINANCE COSTS

	Six months ended	
	30 June 2024 HK\$'000	30 June 2023 HK\$'000
Interest expenses on:		
Overdraft	–	1
Loans from an intermediate holding company	21,604	68,735
Repurchase agreements	35,613	79,537
Lease liabilities	957	1,282
	58,174	149,555

9 PROFIT/(LOSS) BEFORE TAXATION

	Six months ended	
	30 June 2024 HK\$'000	30 June 2023 HK\$'000
The Group's profit/(loss) before taxation is arrived at after charging:		
Depreciation of property, plant and equipment	1,481	1,555
Depreciation of right-of-use asset	9,604	9,603

10 TAXATION

	Six months ended	
	30 June 2024 HK\$'000	30 June 2023 HK\$'000
Current period – Hong Kong Profits Tax	(7,216)	(12,404)
Deferred tax charged for the period	(15,378)	(1,028)
	(22,594)	(13,432)

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

10 TAXATION (continued)

Organisation for Economic Co-operation and Development's ("OECD") Global Minimum Tax ("Pillar Two") model rules

The Group is within the scope of the OECD Pillar Two model rules. At the date of this report, the Government of the Hong Kong Special Administrative Region has announced the implementation of the rules for the income year commencing on or after 1 January 2025. The Group continues to monitor the local legislation of Hong Kong and assesses the potential impact. Since the Pillar Two legislation was not effective as at 30 June 2024, the Group has no related current tax exposure. The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 "Income Taxes" issued in July 2023.

11 EARNINGS/(LOSS) PER SHARE

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

	Six months ended	
	30 June 2024 HK\$'000	30 June 2023 HK\$'000
Earnings/(loss)		
Profit/(loss) attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	79,673	(250,501)
	Six months ended	
	30 June 2024 '000	30 June 2023 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	1,113,120	1,122,443

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

There was no dilutive items during the six months ended 30 June 2024 and 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

12 DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024 (Previous Period: Nil).

13 LOANS AND ADVANCES

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Loans and advances	286,623	286,740
Less: Allowance for expected credit losses	(231,737)	(231,603)
	54,886	55,137

The carrying amounts of the above loans and advances as at 30 June 2024 and 31 December 2023 are due within one year and presented under current assets.

Certain loans and advances were secured and/or backed by guarantees or collaterals. Regular reviews on these loans are conducted by the risk management department based on the latest status of these loans, and the latest available information about the borrowers and the underlying collaterals held.

During the six months ended 30 June 2024, impairment losses of approximately HK\$134,000 was recognised (for the six months ended 30 June 2023: HK\$67,226,000) in the condensed consolidated statement of profit or loss and other comprehensive income. As at 30 June 2024, loans and advances to independent third parties with gross carrying amount of HK\$258,009,000 (31 December 2023: HK\$258,119,000) were assessed as credit-impaired and included in stage 3. Allowance for expected credit losses of HK\$231,699,000 (31 December 2023: HK\$231,561,000) was measured and recognised, which represented the difference between the outstanding loan balances and the expected recoverable amounts (taking into account of the underlying collaterals).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

14 ACCOUNTS RECEIVABLE

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Accounts receivable arising from the ordinary course of business of securities brokerage, futures and options dealing services:		
– Clearing houses	6,167	40,426
– Cash clients	23,516	182
– Margin clients	113,513	142,165
	143,196	182,773
Accounts receivable arising from the ordinary course of business of securities underwriting	5,832	4,192
Accounts receivable arising from the ordinary course of business of advisory and client referral services	809	2,502
Accounts receivable arising from the ordinary course of business of asset management services	20,419	19,482
	170,256	208,949
Less: Allowance for expected credit losses	(105,510)	(104,123)
	64,746	104,826

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

14 ACCOUNTS RECEIVABLE (continued)

Accounts receivable arising from the business of dealing in securities

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

Accounts receivable due from margin clients are repayable on demand and carry interest at 6.4% to 18.9% per annum during the six months ended 30 June 2024 (during the year ended 31 December 2023: 5% to 18.9% per annum). The fair values of the pledged securities as at 30 June 2024 was approximately HK\$136,231,000 (31 December 2023: HK\$250,535,000).

During the six months ended 30 June 2024, impairment losses of approximately HK\$1,387,000 was recognised (for the six months ended 30 June 2023: HK\$21,442,000) in the condensed consolidated statement of profit or loss and other comprehensive income.

As at 30 June 2024, the Group has concentration risk on its accounts receivable as the balance with the largest client represent approximately 37% (31 December 2023: 35%) of the total accounts receivable from cash clients and margin clients. The Group has no other significant concentration risk.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

14 ACCOUNTS RECEIVABLE (continued)

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

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

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Not past due	22,046	22,014
Less than 31 days past due	1,399	371
31–60 days past due	9	142
61–90 days past due	13	29
Over 90 days past due	3,593	3,620
	27,060	26,176
Less: Allowance for expected credit losses	(2,713)	(2,713)
Total	24,347	23,463

The Group applies HKFRS 9 simplified approach to measure the expected credit losses for accounts receivable arising from the business of securities underwriting, advisory, client referral and asset management services. There were no impairment losses recognised in the condensed consolidated statement of profit or loss and other comprehensive income during the six months ended 30 June 2024 and 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Listed, unlisted or quoted investments at fair value:		
Debt investments (Note)	829,830	923,586
Equity investments	1,143,812	1,346,232
	1,973,642	2,269,818

Note: The Group has further recognised expected credit losses amounting to approximately HK\$6,569,000 in the condensed consolidated statement of profit or loss and other comprehensive income during the six months ended 30 June 2024 (for the six months ended 30 June 2023: HK\$156,795,000). As at 30 June 2024, an allowance for expected credit losses amounting to approximately HK\$504,252,000 (31 December 2023: HK\$641,816,000) has been included in fair value reserve (recycling). An allowance for expected credit losses of HK\$144,133,000 was released, which was mainly due to derecognition of two debt investments upon restructuring during the six months ended 30 June 2024.

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Listed equity investments	17,499	23,066
Unlisted equity investments	308,917	200,933
Debt investments	139,015	383,707
Unlisted investment funds	648,911	643,242
	1,114,342	1,250,948

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

17 ACCOUNTS PAYABLE

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Accounts payable arising from the ordinary course of business of securities brokerage, futures and options dealing services:		
– Cash clients	66,693	174,028
– Margin clients	36,643	39,056
– Clearing houses	424	68,378
– Broker	38,813	5,468
	142,573	286,930

Accounts payable arising from the business of dealing in securities

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

18 LOANS FROM AN INTERMEDIATE HOLDING COMPANY

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Loans from an intermediate holding company	860,803	1,829,010
The carrying amounts of the above borrowings are repayable:		
Within one year	860,803	1,829,010

As at 30 June 2024, the Group had loans amounting to approximately HK\$799,509,000 (31 December 2023: HK\$1,789,316,000) from CMBC International Holdings Limited ("CMBCI"), an intermediate holding company, and interest payable amounting to approximately HK\$61,294,000 (31 December 2023: HK\$39,694,000). The loans are unsecured, bear interest at 4% per annum (31 December 2023: 4% per annum) and are repayable within one year (31 December 2023: within one year). The Group's undrawn amount of the loan facilities is approximately HK\$9,200,491,000 (31 December 2023: HK\$8,210,684,000).

19 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Bonds	1,284,358	1,044,658

As at 30 June 2024, the Group entered into repurchase agreements with financial institutions to sell bonds recognised as financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and financial assets at amortised cost with aggregate carrying amount of approximately HK\$1,760,602,000 (31 December 2023: HK\$1,340,649,000), which are subject to the simultaneous agreements to repurchase these investments at the agreed dates and prices.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

20 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Debt investments	17,693	–

The balance of debt investments as at 30 June 2024 represents the fair value of debt securities from short-selling activities.

21 SHARE CAPITAL

Note	Number of shares		Amount	
	As at 30 June 2024 '000	As at 31 December 2023 '000	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Authorised: Ordinary shares at HK\$0.4 each	2,500,000	2,500,000	1,000,000	1,000,000
Issued and fully paid: At the beginning of the period/year	1,119,362	1,123,665	447,745	449,466
Cancellation for shares repurchased (i)	(11,359)	(4,303)	(4,544)	(1,721)
At the end of the period/year	1,108,003	1,119,362	443,201	447,745

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

21 SHARE CAPITAL (continued)

Note:

- (ii) During the six months ended 30 June 2024, the Company repurchased an aggregate of 8,393,000 ordinary shares of the Company on market at prices ranging from HK\$0.16 to HK\$0.34 per share at a total consideration of approximately HK\$2,140,000 (before transaction costs). Of these repurchased shares, 1,896,000 shares were cancelled during the six months ended 30 June 2024. The premium of approximately HK\$555,000 paid on the repurchase of shares was debited to the share premium account. Subsequent to the end of the Reporting Period, the remaining 6,497,000 repurchased shares were cancelled on 28 August 2024.

During the year ended 31 December 2023, the Company repurchased an aggregate of 12,961,000 ordinary shares of the Company on market at prices ranging from HK\$0.27 to HK\$1.70 with a total consideration of approximately HK\$9,245,000 (before transaction costs). Of these repurchased shares, 3,498,000 shares were cancelled during the year ended 31 December 2023. The premium of approximately HK\$4,175,000 paid on the repurchase of such shares was debited to the share premium account. Subsequent to the end of the reporting period, the remaining 9,463,000 repurchased shares were cancelled on 22 March 2024.

22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value on recurring basis

The following table provides an analysis of the Group's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable for the six months ended 30 June 2024:

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

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

	Fair value		Fair Value hierarchy	Valuation techniques	Significant unobservable input
	30 June 2024 HK\$'000	31 December 2023 HK\$'000			
Financial assets					
Financial assets at fair value through profit or loss					
– Listed equity investments	575	19,277	Level 1	Quoted market closing prices in an active market	N/A
– Listed equity investments	16,924	3,789	Level 2	Quoted price from brokers/ financial institutions	N/A
– Unlisted equity investments	267,468	158,820	Level 2	Quoted price of market comparables	N/A
– Unlisted equity investments	41,449	42,113	Level 3	Recent transaction price/Equity allocation model	Discount rate for lack of marketability/ Scenario probability/ Sales multiples
– Debt investments	139,015	383,707	Level 2	Quoted price from brokers/ financial institutions	N/A
– Unlisted investment funds	648,911	643,242	Level 3	Recent transaction price/ Calibration/ Binomial model/ Equity allocation model/Net asset value	Discount rate for lack of marketability/ Scenario probability/ Sales multiples/ EBITDA multiples/ Price-to-sales ratio
Financial assets at fair value through other comprehensive income					
– Debt investments	804,928	873,003	Level 2	Quoted price from brokers/ financial institutions	N/A
– Debt investments	24,902	50,583	Level 3	Discounted cash flow model	Discount rate taking into account the credit risk of the issuer
– Equity investments	1,118,488	1,328,522	Level 2	Quoted price from brokers/ financial institutions	N/A
– Equity investments	25,324	17,710	Level 1	Quoted market closing prices in an active market	N/A

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22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

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

	Fair value		Fair value hierarchy	Valuation techniques	Significant unobservable input
	30 June 2024 HK\$'000	31 December 2023 HK\$'000			
Financial liabilities					
Financial liabilities at fair value through profit or loss					
– Debt investments	17,693		– Level 2	Quoted price from brokers/ financial institutions	N/A

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

During the year ended 31 December 2023, an equity investment was reclassified from level 3 to level 2 as quoted price for similar assets in active market was available.

The movements during the six months ended 30 June 2024 and the year ended 31 December 2023 in the balance of these Level 3 fair value measurements are as follows:

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Financial assets at fair value through profit or loss		
Unlisted equity investments:		
At the beginning of the period/year	42,113	259,277
Transfer from level 3 to level 2	–	(158,820)
Changes in fair value recognised in profit or loss during the period/year	(647)	(58,673)
Exchange (loss)/gain recognised in profit or loss during the period/year	(17)	329
At the end of the period/year	41,449	42,113

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22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

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

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Unlisted investment funds:		
At the beginning of the period/year	643,242	772,478
Payment for purchase	24,098	–
Changes in fair value recognised in profit or loss during the period/year	(18,148)	(130,208)
Exchange (loss)/gain recognised in profit or loss during the period/year	(281)	972
At the end of the period/year	648,911	643,242
Financial assets at fair value through other comprehensive income		
Debt investments:		
At the beginning of the period/year	50,583	89,328
Derecognition	(23,890)	–
Changes in fair value recognised in other comprehensive loss during the period/year	(1,791)	(38,745)
At the end of the period/year	24,902	50,583
Financial liabilities at fair value through profit or loss		
Payables to interest holders of unlisted consolidated investment funds, designated at FVTPL:		
At the beginning of the period/year	–	1,362
Redemption	–	(271)
Changes in fair value recognised in profit or loss during the period/year	–	(1,091)
At the end of the period/year	–	–

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22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Fair value measurements and valuation processes

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

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

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recognised at amortised cost approximate their fair values as at 30 June 2024 and 31 December 2023.

23 RELATED PARTY TRANSACTIONS

The Group had the following related party transactions for the six months ended 30 June 2024 and 2023:

(a) Compensation of key management personnel of the Group

	Six months ended 30 June 2024 HK\$'000	30 June 2023 HK\$'000
Short-term employee benefits	450	2,130
Post-employment benefits	—	9
Total compensation to key management personnel	450	2,139

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

23 RELATED PARTY TRANSACTIONS (continued)

(b) Material transaction with related parties

Apart from transactions disclosed in other notes of the condensed consolidated financial statements, during the period ended 30 June 2024, the Group had the following material transactions with related parties.

	Six months ended 30 June 2024 HK\$'000	30 June 2023 HK\$'000
Interest expense to an intermediate holding company (Note (i))	21,604	68,735
Interest income from a branch of the ultimate holding company	6	2,201
Asset management fee and investment advisory services fee income from an intermediate holding company and segregated portfolios invested by an intermediate holding company and the ultimate holding company (Note (ii))	48,798	68,352
Performance fee income from a segregated portfolio invested by an intermediate holding company (Note (ii))	—	2,267
Office sharing fee income from an intermediate holding company	4,440	4,440

Notes:

- (i) At 30 June 2024, an intermediate holding company provided loans in an aggregate amount of approximately HK\$799,509,000 (31 December 2023: HK\$1,789,316,000) to the Group. The loans bear annual interest rate of 4% (2023: 4%) and repayable within one year (31 December 2023: within one year). Interest payable of approximately HK\$61,294,000 (31 December 2023: HK\$39,694,000) has been accrued from the loans as at 30 June 2024.
- (ii) During the periods, the Group earned asset management fee and investment advisory services fee income for services provided to an intermediate holding company and segregated portfolios invested by an intermediate holding company and the ultimate holding company. During the six months ended 30 June 2023, the Group also earned performance fee income for the asset management services provided to a segregated portfolio invested by an intermediate holding company.

All related party transactions referred to in Note 23(b) constitute connected transactions or continuing connected transactions defined in Chapter 14A of the Listing Rules ("**Chapter 14A**"). The Company has complied with the provisions of Chapter 14A for the periods ended 30 June 2024 and 2023.

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23 RELATED PARTY TRANSACTIONS (continued)

(c) Material balances with related parties

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Bank balances at a branch of the ultimate holding company		
– House accounts	43,352	48,029
– Segregated accounts	31,572	48,376
Accounts receivable from intermediate holding companies	41,906	18,072
Accounts receivable from segregated portfolio invested by an intermediate holding company and the ultimate holding company	1,247	734
Amount due to an intermediate holding company	24,712	32,864
Loans from an intermediate holding company	860,803	1,829,010
Accounts payable to the immediate holding company	2,937	2,937
Accounts payable to an intermediate holding company	1,034	49,792

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For the six months ended 30 June 2024

23 RELATED PARTY TRANSACTIONS (continued)

(d) Service agreements with related parties

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

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

During the period ended 30 June 2024, there were transactions relating to provision of asset management and investment advisory services, provision of deposit services and office sharing (Previous Period: transactions relating to provision of asset management and investment advisory services, provision of deposit services and office sharing).

Notes to the Condensed Consolidated Financial Statements

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24 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Unlisted investment funds	648,911	643,242

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

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

24 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES (continued)

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

30 June 2024	
Number of investment funds	Carrying amount included in financial assets at fair value through profit or loss HK\$'000
Unlisted investment funds	7 648,911

31 December 2023	
Number of investment funds	Carrying amount included in financial assets at fair value through profit or loss HK\$'000
Unlisted investment funds	7 643,242

During the six months ended 30 June 2024 and the year ended 31 December 2023, the Group did not provide financial support to the unconsolidated structured entities and has no intention of providing financial or other support.

25 IMMEDIATE AND ULTIMATE HOLDING COMPANIES

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

26 EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the Reporting Period, the fair value of an equity investment held by the Group has declined by approximately HK\$115 million as at 28 August 2024. The directors of the Company considered such change as a non-adjusting event.