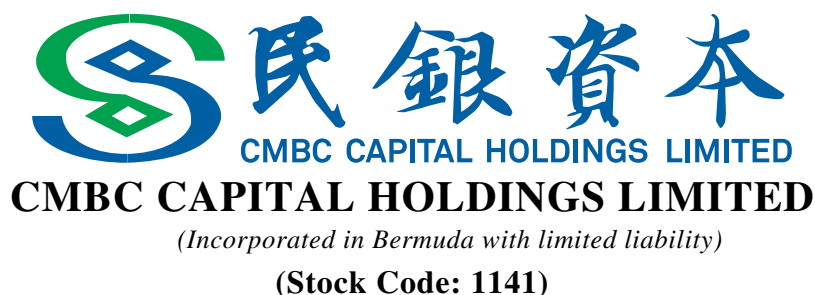


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of CMBC Capital Holdings Limited (the “**Company**”) is pleased to announce the condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2022 (the “**Reporting Period**”) together with comparative figures for the six months ended 30 June 2021 (the “**Previous Period**”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	<i>Notes</i>	Six months ended	
		30 June 2022	30 June 2021
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	4	417,073	461,012
Net (losses)/gains on financial assets at fair value through profit or loss (“FVTPL”)		(126,544)	77,208
Net losses on financial assets at fair value through other comprehensive income (“FVOCI”)		(11,202)	(106,221)
Net gains on financial assets at amortised cost		–	76
Other income	5	5,423	6,648
Other gains and losses	6	(22,613)	11
Impairment losses	7	(357,433)	(34,768)
Staff costs		(38,934)	(38,552)
Depreciation and amortisation		(11,110)	(13,875)
Other operating expenses		(23,161)	(25,852)
Finance costs	8	(106,749)	(91,879)
		<hr/>	<hr/>
(Loss)/profit before taxation	9	(275,250)	233,808
Taxation	10	(3,361)	(32,619)
		<hr/>	<hr/>
(Loss)/profit for the period attributable to owners of the Company		(278,611)	201,189
		<hr/>	<hr/>
		<i>HK cents</i>	<i>HK cents</i>
(Loss)/earnings per share attributable to owners of the Company	11		(Restated)
– Basic		(23.93)	16.91
– Diluted		(23.93)	16.91
		<hr/>	<hr/>

	Six months ended	
	30 June	30 June
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
(Loss)/profit for the period attributable to owners of the Company	(278,611)	201,189
Other comprehensive (loss)/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)	(187,075)	9,202
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)	<u>(325,943)</u>	<u>93,346</u>
Other comprehensive (loss)/income for the period, net of tax	<u>(513,018)</u>	<u>102,548</u>
Total comprehensive (loss)/income for the period attributable to owners of the Company	<u>(791,629)</u>	<u>303,737</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		6,073	7,386
Right-of-use asset		84,832	94,435
Goodwill		16,391	16,391
Intangible assets		960	960
Deferred tax assets		–	2,035
Other assets		10,708	8,732
		<u>118,964</u>	<u>129,939</u>
		-----	-----
Current assets			
Accounts receivable	14	181,490	214,017
Prepayments, deposits and other receivables		232,874	390,560
Interest receivable		164,094	140,625
Amount due from an intermediate holding company		–	13,752
Loans and advances	13	812,535	841,160
Financial assets at fair value through other comprehensive income	16	10,763,055	9,610,682
Financial assets at amortised cost	15	62,750	62,172
Financial assets at fair value through profit or loss	17	1,503,225	1,782,441
Financial assets held under resale agreements		3,051	–
Cash held on behalf of customers		329,221	580,088
Cash and cash equivalents		890,530	769,875
		<u>14,942,825</u>	<u>14,405,372</u>
		-----	-----

		As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Current liabilities			
Accounts payable	18	353,991	640,528
Other payables and accruals		233,105	171,106
Amount due to an intermediate holding company		49,516	–
Loans from an intermediate holding company	19	6,725,481	3,697,591
Notes payable	20	–	1,139,938
Financial assets sold under repurchase agreements	21	5,676,336	5,978,218
Financial liabilities at fair value through profit or loss	22	8,083	244
Lease liabilities		20,801	20,801
Dividend payable		85,573	–
Tax payable		7,526	18,751
		<u>13,160,412</u>	<u>11,667,177</u>
Net current assets		<u>1,782,413</u>	<u>2,738,195</u>
Total assets less current liabilities		<u>1,901,377</u>	<u>2,868,134</u>
Non-current liabilities			
Lease liabilities		66,919	75,725
Deferred tax liabilities		22,270	36,712
		<u>89,189</u>	<u>112,437</u>
Net assets		<u>1,812,188</u>	<u>2,755,697</u>
Capital and reserves			
Share capital	23	457,608	469,786
Reserves		1,354,580	2,285,911
Total equity		<u>1,812,188</u>	<u>2,755,697</u>

NOTES:

1 BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). They were authorised for issue on 30 August 2022.

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 the Group since the 2021 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 2021 annual financial statements.

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

These condensed consolidated financial statements are unaudited, but have been reviewed by PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information, performed by the independent auditor of the entity, issued by the HKICPA.

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2021, 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.

The following amendments to accounting standards are applicable for annual reporting periods commencing on or after 1 January 2022:

- Covid-19-related Rent Concessions – Amendments to HKFRS 16
- Property, Plant and Equipment: Proceeds before intended use – Amendments to HKAS 16
- Reference to the Conceptual Framework – Amendments to HKFRS 3
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to HKAS 37
- Annual Improvements to HKFRS Standards 2018–2020
- Amendments to AG 5 Merger Accounting for Common Control Combinations

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

Disaggregation of revenue

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

	Six months ended	
	30 June 2022	30 June 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by service lines		
– Commission income from brokerage and related services	141	4,422
– Commission income from underwriting, sub-underwriting, placing and sub-placing	16,689	39,439
– Financial advisory, sponsorship, arrangement fee and other service income	12,578	23,807
– Asset management fee, investment advisory services fee and performance fee income	63,533	69,587
	<u>92,941</u>	<u>69,587</u>
	-----	-----
	92,941	137,255
Revenue from other sources		
Loan and financing		
– Interest income from provision of finance and securities margin financing	29,096	79,365
Financial investments		
– Interest income from debt securities investments	156,617	150,942
– Interest income from FVTPL investments	8,999	17,144
– Dividend income and other investment income	129,420	76,306
	<u>295,036</u>	<u>244,392</u>
	-----	-----
	295,036	244,392
	<u>417,073</u>	<u>461,012</u>
	-----	-----
	417,073	461,012

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

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 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	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	11,256	39,871	-	-	-	-	63,533	69,587	18,152	27,797	92,941	137,255
Revenue from other sources												
Loan and financing												
- Interest income from provision of finance and securities margin financing	7,593	25,440	-	-	21,503	53,925	-	-	-	-	29,096	79,365
Financial investments												
- Interest income from debt securities investments	-	-	156,617	150,942	-	-	-	-	-	-	156,617	150,942
- Interest income from FVTPL investments	-	-	-	22	8,999	17,122	-	-	-	-	8,999	17,144
- Dividend income and other investment income	-	-	126,909	58,826	2,511	17,480	-	-	-	-	129,420	76,306
	-	-	283,526	209,790	11,510	34,602	-	-	-	-	295,036	244,392
Reportable segment revenue	18,849	65,311	283,526	209,790	33,013	88,527	63,533	69,587	18,152	27,797	417,073	461,012

Segment revenue and results

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

	Six months ended 30 June 2022						Total HK\$'000
	Securities HK\$'000	Fixed- income direct investment HK\$'000	Other investment and financing HK\$'000	Asset management HK\$'000	Corporate finance and advisory HK\$'000	Others HK\$'000	
Segment revenue and investment gains/(losses)							
– Reportable segment revenue	18,849	283,526	33,013	63,533	18,152	–	417,073
– Net gains/(losses) on financial assets at fair value through profit or loss	–	4,146	(130,690)	–	–	–	(126,544)
– Net losses on financial assets at fair value through other comprehensive income	–	(11,202)	–	–	–	–	(11,202)
	<u>18,849</u>	<u>276,470</u>	<u>(97,677)</u>	<u>63,533</u>	<u>18,152</u>	<u>–</u>	<u>279,327</u>
Other income	311	427	9	17	214	4,445	5,423
Other gains and losses	1,187	(44,091)	4,148	323	15	15,805	(22,613)
Segment expenses	(56,895)	(383,391)	(65,011)	(14,477)	(10,466)	(7,147)	(537,387)
Segment results	<u>(36,548)</u>	<u>(150,585)</u>	<u>(158,531)</u>	<u>49,396</u>	<u>7,915</u>	<u>13,103</u>	<u>(275,250)</u>
	Six months ended 30 June 2021						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	65,311	209,790	88,527	69,587	27,797	–	461,012
– Net gains on financial assets at fair value through profit or loss	–	18,882	58,326	–	–	–	77,208
– Net losses on financial assets at fair value through other comprehensive income	–	(106,221)	–	–	–	–	(106,221)
– Net gains on financial assets at amortised cost	–	76	–	–	–	–	76
	<u>65,311</u>	<u>122,527</u>	<u>146,853</u>	<u>69,587</u>	<u>27,797</u>	<u>–</u>	<u>432,075</u>
Other income	1,880	12	–	40	256	4,460	6,648
Other gains and losses	307	(5,852)	1,299	93	–	4,164	11
Segment expenses	(25,562)	(83,278)	(58,085)	(14,300)	(13,467)	(10,234)	(204,926)
Segment results	<u>41,936</u>	<u>33,409</u>	<u>90,067</u>	<u>55,420</u>	<u>14,586</u>	<u>(1,610)</u>	<u>233,808</u>

Segment assets and liabilities

	As at 30 June 2022						Total HK\$'000
	Securities HK\$'000	Fixed- income direct investment HK\$'000	Other investment and financing HK\$'000	Asset management HK\$'000	Corporate finance and advisory HK\$'000	Others HK\$'000	
Assets							
Segment assets	<u>804,317</u>	<u>11,413,075</u>	<u>2,641,684</u>	<u>75,515</u>	<u>15,825</u>	<u>111,373</u>	<u>15,061,789</u>
Liabilities							
Segment liabilities	<u>668,910</u>	<u>11,127,974</u>	<u>1,194,734</u>	<u>7,456</u>	<u>-</u>	<u>250,527</u>	<u>13,249,601</u>
	As at 31 December 2021						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	
Assets							
Segment assets	<u>1,013,538</u>	<u>10,371,510</u>	<u>2,866,398</u>	<u>42,447</u>	<u>26,556</u>	<u>214,862</u>	<u>14,535,311</u>
Liabilities							
Segment liabilities	<u>862,432</u>	<u>9,593,856</u>	<u>1,180,380</u>	<u>2,948</u>	<u>120</u>	<u>139,878</u>	<u>11,779,614</u>

4 REVENUE

	Six months ended	
	30 June 2022 HK\$'000	30 June 2021 HK\$'000
Commission income from brokerage and related services	141	4,422
Commission income from underwriting, sub-underwriting, placing and sub-placing	16,689	39,439
Interest income from debt securities investments	156,617	150,942
Interest income from FVTPL investments	8,999	17,144
Interest income from provision of finance and securities margin financing	29,096	79,365
Dividend income and other investment income	129,420	76,306
Financial advisory, sponsorship, arrangement fee and other service income	12,578	23,807
Asset management fee, investment advisory services fee and performance fee income	63,533	69,587
	<u>417,073</u>	<u>461,012</u>

5 OTHER INCOME

	Six months ended	
	30 June 2022	30 June 2021
	HK\$'000	HK\$'000
Bank interest income	76	33
Office sharing fee income	4,440	4,440
Other income	907	2,175
	<hr/>	<hr/>
	5,423	6,648
	<hr/>	<hr/>

6 OTHER GAINS AND LOSSES

	Six months ended	
	30 June 2022	30 June 2021
	HK\$'000	HK\$'000
Net exchange (loss)/gain	(22,613)	11
	<hr/>	<hr/>

7 IMPAIRMENT LOSSES

	Six months ended	
	30 June 2022	30 June 2021
	HK\$'000	HK\$'000
Provision/(reversal) of impairment losses		
– Loans and advances (<i>Note 13</i>)	35,258	21,391
– Accounts receivable (<i>Note 14</i>)	38,750	503
– Financial assets at fair value through other comprehensive income (<i>Note 16</i>)	270,939	12,861
– Financial assets at amortised cost (<i>Note 15</i>)	(180)	13
– Interest receivable	12,656	–
– Financial assets held under resale agreements	10	–
	<hr/>	<hr/>
	357,433	34,768
	<hr/>	<hr/>

8 FINANCE COSTS

	Six months ended	
	30 June 2022	30 June 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expense on:		
Notes payable	8,944	5,189
Bank borrowings	–	551
Loans from an intermediate holding company	73,524	65,610
Repurchase agreements	22,686	18,361
Lease liabilities	1,595	2,168
	<u>106,749</u>	<u>91,879</u>

9 (LOSS)/PROFIT BEFORE TAXATION

	Six months ended	
	30 June 2022	30 June 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
The Group's (loss)/profit before taxation is arrived at after charging:		
Depreciation of property, plant and equipment	1,507	1,510
Depreciation of right-of-use asset	9,603	11,679
Amortisation of intangible assets	–	686
	<u>11,110</u>	<u>13,875</u>

10 TAXATION

	Six months ended	
	30 June 2022	30 June 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current period – Hong Kong Profits Tax	(9,879)	(39,420)
Deferred tax credited for the period	6,518	6,801
	<u>(3,361)</u>	<u>(32,619)</u>

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

12 DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2022 (Previous Period: Nil).

The final dividend of HK7.48 cents per share (2020: HK0.33 cents per share (before share consolidation)/ equivalent to HK13.2 cents (after share consolidation)) for the year ended 31 December 2021 had been approved by the shareholders of the Company on 29 June 2022 and was paid on 29 July 2022 in an aggregated amount of approximately HK\$85,573,000 (for the year ended 31 December 2020: approximately HK\$156,898,000).

13 LOANS AND ADVANCES

	As at 30 June 2022	As at 31 December 2021
	HK\$'000	HK\$'000
Loans and advances	901,074	894,441
Less: Allowance for expected credit losses	(88,539)	(53,281)
	<u>812,535</u>	<u>841,160</u>

The carrying amounts of the above loans and advances as at 30 June 2022 and 31 December 2021 are due within one year and presented under current assets.

At 30 June 2022, loans and advances included loans to independent third parties with effective interest rates ranging from 3% to 10% (31 December 2021: 3% to 13%) per annum. Certain loans and advances were secured and/or backed by guarantees or collaterals. Regular reviews on these loans are conducted by the risk management department based on the latest status of these loans, and the latest available information about the borrowers and the underlying collaterals held.

During the six months ended 30 June 2022, allowance for expected credit losses of approximately HK\$35,258,000 was recognised (for the six months ended 30 June 2021: HK\$21,391,000) in the condensed consolidated statement of profit or loss and other comprehensive income.

14 ACCOUNTS RECEIVABLE

	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
Accounts receivable arising from the ordinary course of business of securities brokerage, futures and options dealing services:		
– Clearing houses	5,269	111
– Cash clients	10,794	8,582
– Margin clients	189,966	191,650
– Brokers	4,716	–
	<u>210,745</u>	200,343
Accounts receivable arising from the ordinary course of business of securities underwriting	8,237	10,846
Accounts receivable arising from the ordinary course of business of advisory services	2,066	4,575
Accounts receivable arising from the ordinary course of asset management services	2,096	1,157
	<u>223,144</u>	216,921
Less: Allowance for expected credit losses	<u>(41,654)</u>	<u>(2,904)</u>
	<u>181,490</u>	<u>214,017</u>

Accounts receivable arising from the business of dealing in securities

The normal settlement terms of accounts receivable from cash clients, margin clients and clearing houses, except for accounts receivable due from margin clients, arising from the ordinary course of business of securities brokerage services are two trading days after the trade date. No ageing analysis is disclosed as, in the opinion of the Directors, 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 3.5% to 18% per annum during the six months ended 30 June 2022 (during the year ended 31 December 2021: accounts receivable due from margin clients are repayable on demand and carry interest at 3.5% to 18% per annum). The fair values of the pledged securities as at 30 June 2022 was approximately HK\$581,470,000 (31 December 2021: HK\$688,073,000).

During the six months ended 30 June 2022, allowance for expected credit losses of approximately HK\$38,750,000 was recognised (for the six months ended 30 June 2021: HK\$503,000) in the condensed consolidated statement of profit or loss and other comprehensive income.

As at 30 June 2022, the Group has concentration risk on its accounts receivable as the balance with the largest client represent approximately 25% (31 December 2021: 36%) of the total accounts receivable from cash clients and margin clients. The Group has no other significant concentration risk.

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

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

	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
Neither past due nor impaired	6,524	10,305
Less than 31 days past due	932	–
31 – 60 days past due	106	2,644
61 – 90 days past due	–	259
Over 90 days past due	4,837	3,370
	<u>12,399</u>	<u>16,578</u>
Less: Allowance for expected credit losses	<u>–</u>	<u>–</u>
Total	<u>12,399</u>	<u>16,578</u>

The Group applies HKFRS 9 simplified approach to measure the expected credit losses for accounts receivable arising from the business of securities underwriting, advisory and asset management services. The management assessed the loss allowance was insignificant. The Directors have assessed and considered that there is no recoverability issue.

15 FINANCIAL ASSETS AT AMORTISED COST

	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
Debt investments	62,771	62,373
Less: Allowance for expected credit losses	<u>(21)</u>	<u>(201)</u>
	<u>62,750</u>	<u>62,172</u>

The above carrying amounts as at 30 June 2022 and 31 December 2021 are due within one year and presented under current assets.

During the six months ended 30 June 2022, reversal of allowance for expected credit losses of approximately HK\$180,000 (for the six months ended 30 June 2021: provision of allowance for expected credit losses of HK\$13,000) was recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2022 <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
Listed, unlisted or quoted investments at fair value:		
Debt investments (<i>Note</i>)	6,029,998	5,513,589
Equity investments	4,733,057	4,097,093
	<u>10,763,055</u>	<u>9,610,682</u>

Note: The Group has further recognised expected credit losses amounted to approximately HK\$270,939,000 in the condensed consolidated statement of profit or loss and other comprehensive income during the period (for the six months ended 30 June 2021: HK\$12,861,000). As at 30 June 2022, allowance for expected credit losses amounted approximately HK\$388,829,000 (31 December 2021: HK\$123,042,000) has been included in fair value reserve (recycling).

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2022 <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
Listed equity investments	101,207	152,101
Unlisted equity investments	285,833	413,105
Debt investments	341,071	353,510
Quoted investment fund	–	11,527
Unlisted investment funds	775,114	852,198
	<u>1,503,225</u>	<u>1,782,441</u>

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

18 ACCOUNTS PAYABLE

	As at 30 June 2022 <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
Accounts payable arising from the ordinary course of business of securities brokerage, futures and options dealing services:		
– Cash clients	284,276	459,490
– Margin clients	48,519	48,406
– Clearing houses	21,196	132,632
	<u>353,991</u>	<u>640,528</u>

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.

19 LOANS FROM AN INTERMEDIATE HOLDING COMPANY

	As at 30 June 2022 <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
Loans from an intermediate holding company	<u>6,725,481</u>	<u>3,697,591</u>
The carrying amounts of the above borrowings are repayable:		
– Within one year	<u>6,725,481</u>	<u>3,697,591</u>

As at 30 June 2022, the Group had loans amounting to approximately HK\$6,608,710,000 (31 December 2021: HK\$3,654,679,000) from CMBC International Holdings Limited (“**CMBCI**”), an intermediate holding company and interest payable amounting to approximately HK\$116,771,000 (31 December 2021: HK\$42,912,000). The loans bear interests at 2.5% per annum (31 December 2021: 2.5% to 3.5% per annum) and are repayable within one year (31 December 2021: within one year).

20 NOTES PAYABLE

During the year ended 31 December 2021, the Company's subsidiary issued notes in the aggregate principal amount of US\$195,000,000 to independent third parties, of which an aggregate principal amount of US\$50,000,000 was redeemed. The notes carried variable interest at 1% to 1.8% per annum and were to be redeemed within one year.

During the six months ended 30 June 2022, aggregate note principals of US\$145,000,000 were fully redeemed. As at 30 June 2022, there was no outstanding principal amount of the notes payable (31 December 2021: US\$145,000,000).

The movement of the notes payable for the six months ended 30 June 2022 and for the year ended 31 December 2021 are set out below:

	As at 30 June 2022	As at 31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the period/year	1,139,938	–
Issuance of notes	–	1,512,828
Interest charged	8,944	11,472
Repayment of note principal	(1,130,765)	(388,639)
Interest paid	(18,375)	(2,072)
Exchange realignment	258	6,349
	<hr/>	<hr/>
At the end of the period/year	–	1,139,938
	<hr/>	<hr/>
The carrying amounts of the above borrowings are repayable:		
Within one year	–	1,139,938
	<hr/>	<hr/>

21 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at 30 June 2022 <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
Bonds	<u>5,676,336</u>	<u>5,978,218</u>

As at 30 June 2022, the Group entered into repurchase agreements with financial institutions to sell bonds recognised as financial assets at fair value through other comprehensive income and financial assets at amortised cost with aggregate carrying amount of approximately HK\$7,261,368,000 (31 December 2021: approximately HK\$7,820,524,000), which are subject to the simultaneous agreements to repurchase these investments at the agreed dates and prices.

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

22 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2022 <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
Payables to interest holder of unlisted consolidated investment fund, designated at FVTPL	217	244
Debt investments	<u>7,866</u>	–
	<u>8,083</u>	<u>244</u>

As at 30 June 2022, the Company held 60% (31 December 2021: 60%) interest of CMBCC Co-High Medical Investment Fund SP (the “**Medical Fund**”). As the Group has control over the Medical Fund, it is accounted for as a subsidiary. Accordingly, the interests of the non-controlling shareholder are classified as financial liabilities designated as at fair value through profit or loss of approximately HK\$217,000 as at 30 June 2022. (31 December 2021: HK\$244,000).

The balance of debt investments as at 30 June 2022 represents the fair value of debt securities from short selling activities.

23 SHARE CAPITAL

	Number of shares		Amount	
	As at 30 June 2022 '000	As at 31 December 2021 '000	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
Authorised:				
At the beginning of the period/year				
Ordinary shares at HK\$0.4 (2021: HK\$0.01) each	2,500,000	100,000,000	1,000,000	1,000,000
Share consolidation	–	(97,500,000)	–	–
At the end of the period/year	2,500,000	2,500,000	1,000,000	1,000,000
Ordinary shares at HK\$0.4 each				
Issued and fully paid:				
At the beginning of the period/year	1,174,467	47,627,928	469,786	476,279
Cancellation for shares repurchased (i)	(30,445)	(649,260)	(12,178)	(6,493)
Share consolidation (ii)	–	(45,804,201)	–	–
At the end of the period/year	1,144,022	1,174,467	457,608	469,786

Note:

- (i) During the six months ended 30 June 2022, the Company repurchased an aggregate of 29,325,500 ordinary shares of the Company on market at prices ranging from HK\$1.44 to HK\$3.91 per share at a total consideration of approximately HK\$66,306,000 (before transaction costs). Of these repurchased shares, 27,744,500 shares were cancelled during the six months ended 30 June 2022. The premium of approximately HK\$59,126,000 paid on the repurchase of shares was debited to share premium account. Subsequent to end of the Reporting Period, the remaining 1,581,000 repurchased shares were cancelled on 26 August 2022.

During the year ended 31 December 2021, the Company repurchased an aggregate of 747,680,000 ordinary shares (before share consolidation) and 160,500 consolidated shares of the Company on market at prices ranging from HK\$0.072 to HK\$0.129 and HK\$3.18 to HK\$3.25 per share respectively with a total consideration of approximately HK\$70,866,000 (before transaction costs). Of these repurchased shares, 646,080,000 shares were cancelled during the year ended 31 December 2021. The premium of approximately HK\$56,536,000 paid on the repurchase of such shares was debited to share premium account. Subsequent to end of the reporting period, the remaining 2,700,500 repurchased consolidated shares were cancelled on 31 January 2022.

- (ii) With effect from 29 December 2021, every forty (40) ordinary shares in the issued and unissued share capital of the Company was consolidated into one (1) consolidated share of the Company. For further details, please refer to the Company's circular dated 9 December 2021.

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 and market-making business and has all material licenses required for services provided to most of its existing and potential clients at the current stage.

Under the impact of multiple factors such as high inflation in the US, the Federal Reserve's interest rate hike and balance sheet reduction, war clouds between Russia and Ukraine, the ongoing global COVID-19 pandemic and the slowdown in China's economic growth, Hong Kong's capital markets experienced a turbulent situation in the first half of 2022 with a sharp drop in equity and bond prices not seen in more than two decades, which had a significant impact on the development of all the Group's businesses and posed challenges to revenue and profit.

During the Reporting Period, the Group recorded revenue of approximately HK\$417.1 million, representing a period-over-period decrease of approximately 9.5%. The net loss amounted to approximately HK\$278.6 million, compared to the net profit of approximately HK\$201.2 million in the Previous Period. The underlying losses were mainly attributable to the increase in the provision of allowance for expected credit losses on the Group's bond investments, loans and structured finance and the decrease in the carrying fair value of investments in equity securities as a result of the highly volatile capital market and asset prices and the significant increase in credit risk of certain market entities. Other than the above, the Group's operating performance and cash flows remained stable during the Reporting Period.

Investment and Financing

During the Reporting Period, negative sentiments persisted in the global capital markets, asset prices were highly volatile and risks continued to rise, especially the sharp fall in the prices of Chinese-issued US dollar-denominated bonds, which had a negative impact on the Group's bond investment gains. In addition, due to the impact of the ongoing COVID-19 pandemic and the greater pressure on economic development in the Mainland China, many enterprises experienced a significant decline in results, operational difficulties or debt crises. In this regard, the Group increased the provision of allowance for expected credit losses on bond investment, loans and structured finance and adjusted downwards the fair value of its investments in equity securities.

Securities

During the Reporting Period, the offshore bond underwriting business of the Group was affected by the rising cost of offshore US dollar-denominated bond financing for Chinese issuers as a result of the US Federal Reserve's interest rate hike. The amount and scale of bonds underwritten had decreased compared to the Previous Period. However, it maintained a steady development compared to the amount and size issued by market entities. During the Reporting Period, the Group completed the underwriting of 53 bond issues. The overall credit quality of the Group's bond underwriting entities remained relatively strong, comprising mainly financial institutions, central government-owned enterprises, large local state-owned enterprises and urban investment enterprises with high ratings. Investment-grade bond issuance accounted for over 70% of the total underwriting volume.

Asset Management

The Group's asset management business covers the Securities and Futures Commission (the "SFC") authorised funds (commonly known as "**public funds**"), private funds, discretionary managed accounts and investment advisory services, with a focus on providing multi-level asset management solutions to clients based on their needs.

During the Reporting Period, the Group's asset management team continued to abide by the principles of "sensitive to market, loyal to trends, skilled at trading, ready to assume responsibility and strictly self-disciplined" and pursue absolute returns at the core in the face of the recurrent outbreaks of the COVID-19 pandemic, accelerating global inflation, rising US bond rates, significant volatility in the capital markets and frequent credit risk events in US dollar-denominated Chinese real estate bonds. By continuously improving the quality of the portfolio's assets and strengthening the portfolio's duration management, the Group was able to better hedge the impact of credit events on the net worth of the portfolio. As at 30 June 2022, the scale of the Group's asset management business grew by more than 20% compared to 31 December 2021, thanks to the increase in the directly managed asset management business and investment advisory business.

Corporate Finance and Advisory

During the Reporting Period, despite the unfavorable market atmosphere, the Group had overcome the difficulties and completed the listing of two companies on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Also, the Group’s applications for the listing on the Main Board for three sponsor projects were in the process of being reviewed by the Stock Exchange during the Reporting Period. The industries covered by these projects include paper making, blanket manufacturing, E-commerce, social new retail, marketing services and special purpose acquisition companies. 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 and plans ahead. With respect to stock underwriting, despite the unstable market environment, the Group, with its excellent underwriting ability, completed a total of five stock underwriting projects during the Reporting Period, and these projects covered the industries that have attracted investors’ attention recently, such as biomedical, high-end manufacturing and IP operations.

FINANCIAL RESULTS

During the Reporting Period, the Group’s loss attributable to the owners of the Company amounted to approximately HK\$278.6 million, as compared to the profit of approximately HK\$201.2 million in the Previous Period. The Group’s basic and diluted loss per share was HK23.93 cents (Previous Period: basic and diluted earnings per share of HK16.91 cents (restated)).

Revenue

The Group's revenue decreased by approximately 9.5% to approximately HK\$417.1 million during the Reporting Period, as compared to approximately HK\$461.0 million in the Previous Period. The decrease was mainly due to the extremely sluggish and volatile capital market in Hong Kong during the Reporting Period, with a decline in funding in the US dollar bond market and IPO market, as well as a decrease in the size of external loans, resulting in the decrease of investment banking income, such as sponsorship and underwriting, and interest income from loan and financing. The table below presents the breakdown of segment revenue (including net gains or losses from investment) and segment results during the Reporting Period with comparative figures in the Previous Period:

	Segment Revenue and Net Gains or Losses from Investment For the six months ended 30 June		Segment Results For the six months ended 30 June	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Securities	18,849	65,311	(36,548)	41,936
Fixed-income direct investment	276,470	122,527	(150,585)	33,409
Other investment and financing	(97,677)	146,853	(158,531)	90,067
Asset management	63,533	69,587	49,396	55,420
Corporate finance and advisory	18,152	27,797	7,915	14,586
Others	—	—	13,103	(1,610)
Total	<u>279,327</u>	<u>432,075</u>	<u>(275,250)</u>	<u>233,808</u>

Securities Segment

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

During the Reporting Period, the revenue contributed by the securities segment decreased to approximately HK\$18.8 million, while segment results turned from a profit to a loss of approximately HK\$36.5 million, compared to the revenue and profit of approximately HK\$65.3 million and HK\$41.9 million, respectively, in the Previous Period. The decrease in segment revenue and the turn of segment results from profit to loss was mainly due to a decline in bond underwriting business and decrease in interest income from customers, coupled with the provision of allowance for expected credit losses during the Reporting Period in the margin financing business due to a decline in the market value of pledged assets that could not cover the financing exposure.

Investment and Financing Segment

In terms of investment, the Group focuses on the Greater China region. It actively identifies enterprises with prominent core technical advantages and strong growth ability and profitability in the industries that are on the growth or expansion phase of the cycle. The Group also aims at high-tech innovative enterprises, medical and healthcare enterprises, and other enterprises that have large growth potential.

With respect to financing, the Group is committed to providing comprehensive financing solutions with different structures and forms according to customer needs, and providing transactional structural design, coordinating financing arrangements and other services. The specific products include but not limited to asset-secured loans, M&A loans, equity pledge financing and bridge financing.

During the Reporting Period, negative sentiments persisted in the global capital markets, asset prices were highly volatile and risks continued to rise, especially the sharp fall in the prices of Chinese-issued US dollar-denominated bonds, which had a negative impact on the Group's bond investment gains. In addition, due to the impact of the ongoing COVID-19 pandemic and the greater pressure on economic development in the Mainland China, many enterprises experienced a significant decline in results, operational difficulties or debt crises. In this regard, the Group increased the provision of allowance for expected credit losses on bond investment, loans and structured finance and adjusted downwards the fair value of its investments in equity securities.

Fixed-income Direct Investment

During the Reporting Period, revenue and net investment losses from the fixed-income direct investment segment, which included but not limited to coupons from the bonds under direct investment, amounted to an aggregate of approximately HK\$276.5 million as compared to approximately HK\$122.5 million in the Previous Period. Segment results turned from a profit to a loss of approximately HK\$150.6 million, compared to a profit of approximately HK\$33.4 million for the Previous Period. The increase in segment revenue was mainly due to the increase in coupon income as a result of the increase in the scale of bond investments during the Reporting Period and the significant decrease in investment loss period-over-period; the change from profit to loss in the segment results was mainly due to a significant decline in the prices of certain property bonds and private enterprise bonds during the Reporting Period, which resulted in a significant allowance for expected credit losses required to be provided during the Reporting Period, coupled with an increase in interest expenses due to the increase in the scale of financing corresponding to the bond investments and an increase in foreign exchange losses incurred 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 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\$-97.7 million as compared to approximately HK\$146.9 million in the Previous Period. The change from positive to negative in segment revenue and net investment gains and losses was mainly due to an overall decline in the fair value of investments and the decrease in interest income as a result of the reduction in the size of external loans. Segment results turned from a profit to a loss of approximately HK\$158.5 million, compared to a profit of approximately HK\$90.1 million for the Previous Period. The change from profit to loss in the segment results was mainly due to the change from positive to negative in segment revenue and net investment gains and losses, and the increase in allowance for expected credit losses provided in loans during the Reporting Period.

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

	30 June	31 December
	2022	2021
	HK\$'000	HK\$'000
Investment		
Listed equities (measured at FVTPL)	101,207	152,101
Listed equities (measured at FVOCI)	30,559	–
Unlisted equity interests	285,833	413,105
Bonds (measured at FVOCI)	10,732,496	9,610,682
Bonds (measured at FVTPL)	341,071	353,510
Bonds (measured at amortised cost)	62,750	62,172
Unlisted funds	775,114	852,198
Quoted investment fund	–	11,527
	<hr/>	<hr/>
Total	12,329,030	11,455,295
	<hr/>	<hr/>
Financing		
Loans and advances	812,535	841,160
	<hr/>	<hr/>

As at 30 June 2022, the Group's investment portfolio mainly included but not limited to listed equity, bonds, unlisted equity interests and unlisted funds, covering a wide range of sectors such as industry, pharmaceuticals, technology, consumer goods, real estate and finance.

As at 30 June 2022, the assets of the proprietary investment of the Group amounted to approximately HK\$12.3 billion (31 December 2021: HK\$11.5 billion), including bonds investment of approximately HK\$11.1 billion (31 December 2021: HK\$10.0 billion). During the Reporting Period, the Group's total investment portfolio increased by approximately HK\$0.8 billion, which was mainly due to the net purchase of bonds. The future performance of such a portfolio will depend on many factors, including uncertainties in the financial markets, the economic development trend in both Hong Kong and the Mainland China and investors' sentiment.

During the Reporting Period, the Group's investment portfolio generated an income of approximately HK\$295.0 million (Previous Period: HK\$244.4 million) in total, including interest income of approximately HK\$156.6 million (Previous Period: HK\$150.9 million) from bond investments, interest income of approximately HK\$9.0 million (Previous Period: HK\$17.1 million) from FVTPL investments and dividend income and other investment income of approximately HK\$129.4 million (Previous Period: HK\$76.3 million).

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

The Group maintains a consistent robust principle for its proprietary bond investment, and adopts a revenue-based (including charging fixed contractual interest and receiving gains on disposal) trading strategy. Adopting a top-down/bottom-up approach in its investment analysis, the Group is committed to identifying investment opportunities with sustainable and high-level revenue within limited volatility. The Group adopts prudent risk management strategy and makes a reasonable risk estimate for its investments in order to strike a balance between risk management and revenue generation. At the same time, the Group adheres to the principle of investment diversification and has established explicit guidelines which stipulate that the position in any single bond shall not account for more than 5% of the overall position, and the portfolio shall be diversified by investing in various issuers in a wide range of sectors.

The unlisted direct investment business of the Group, which included equity interests and funds, mainly focuses on high-tech innovative enterprises and medical and healthcare enterprises that have large growth potential.

The loan business of the Group focuses on short-to-mid term financing so as to maintain the liquidity of the Group's assets. During the Reporting Period, loans were granted to market players in various industries, such as finance, technology, healthcare, education and real estate, which diversified the risk of the loan portfolio. The Group implements pre-, peri- and post-investment management and put in place practicable and effective risk control measures. Each client and each project are subject to rigorous risk reviews and the Group's overall credit and operation risk are controllable. The Group constantly monitors concentration, maturity profile and risk to revenue ratio of the asset portfolio to strike a balance between the overall risk and revenue generation.

Asset Management Segment

The Group's asset management represents the provision of asset management services to clients. The Group's asset management segment recorded revenue of approximately HK\$63.5 million during the Reporting Period as compared to approximately HK\$69.6 million in the Previous Period and segment profit of approximately HK\$49.4 million during the Reporting Period as compared to approximately HK\$55.4 million in the Previous Period. The decrease in segment revenue and profit was due to the decrease in asset management fee income as a result of the decrease in average asset management fee rate.

Corporate Finance and Advisory Segment

During the Reporting Period, the Group recorded a revenue of approximately HK\$18.2 million and segment profit of approximately HK\$7.9 million for the corporate finance and advisory segment, as compared to revenue of approximately HK\$27.8 million and segment profit of approximately HK\$14.6 million in the Previous Period. The segment revenue and profit decreased due to a lower amount raised by issuers amidst the unstable market condition.

Administrative Expenses and Finance Costs

Administrative expenses and finance costs for the Reporting Period amounted to approximately HK\$180.0 million in aggregate as compared to approximately HK\$170.2 million in the Previous Period. The analysis is set out below:

	For the six months ended	
	30 June 2022	30 June 2021
	HK\$'000	HK\$'000
Staff costs	38,934	38,552
Depreciation and amortisation	11,110	13,875
Other operating expenses	23,161	25,852
Finance costs	106,749	91,879
Total	<u>179,954</u>	<u>170,158</u>

The increase in finance costs was mainly due to the increase in the scale of financing.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2022 (Previous Period: Nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Capital Structure

As at 30 June 2022, the total number of the issued share capital with the par value of HK\$0.40 each was 1,144,021,693 (31 December 2021: 1,174,466,693) and the total equity attributable to the shareholders of the Company (the “**Shareholders**”) was approximately HK\$1,812.2 million (31 December 2021: HK\$2,755.7 million).

During the Reporting Period, the Company repurchased an aggregate of 29,325,500 shares. Of these repurchased shares, 27,744,500 shares were cancelled during the Reporting Period, and the remaining 1,581,000 repurchased shares were cancelled on 26 August 2022.

During the Reporting Period, no shares had been purchased or granted to the selected persons of the Group under the share award scheme adopted on 19 February 2016 or no share options had been granted under the share option scheme adopted on 24 September 2012.

Liquidity and Financial Resources

The Group primarily financed its operations with internally-generated cash flows, borrowings and shareholder’s equity.

As at 30 June 2022, the Group had current assets of approximately HK\$14,942.8 million (31 December 2021: HK\$14,405.4 million) and liquid assets comprising cash (excluding cash held on behalf of clients), investment in listed equity securities and debt investments (other than those measured at amortised cost) totaling approximately HK\$12,095.9 million (31 December 2021: HK\$10,886.2 million). The Group’s current ratio, calculated based on current assets of approximately HK\$14,942.8 million (31 December 2021: HK\$14,405.4 million) over current liabilities of approximately HK\$13,160.4 million (31 December 2021: HK\$11,667.2 million), was approximately 1.1 on 30 June 2022 (31 December 2021: 1.2).

The Group's finance costs for the Reporting Period mainly represented the interest on notes payable of approximately HK\$8.9 million (Previous Period: HK\$5.2 million), interest on loans from an intermediate holding company of approximately HK\$73.5 million (Previous Period: HK\$65.6 million), the interest of repurchase agreements of approximately HK\$22.7 million (Previous Period: HK\$18.4 million) and interest on lease liabilities of approximately HK\$1.6 million (Previous Period: HK\$2.2 million).

As at 30 June 2022, the Group's indebtedness comprised loans from an intermediate holding company and financial assets sold under repurchase agreements of approximately HK\$12,285.0 million (31 December 2021: HK\$10,772.8 million). The loans from an intermediate holding company of approximately HK\$6,608.7 million (31 December 2021: HK\$3,654.7 million) was denominated in Hong Kong dollars and United States dollars and borne interests at 2.5% per annum (2021: 2.5% to 3.5% per annum) and was repayable within one year. As at 30 June 2022, there were no notes payable (31 December 2021: Notes payable in the aggregate principal amount of US\$145 million were denominated in the United States dollars, due within one year, and borne interest at 1% to 1.8% per annum). As at 30 June 2022, the Group entered into repurchase agreements with financial institutions to sell financial assets at fair value through other comprehensive income and financial assets at amortised cost with carrying amount of approximately HK\$7,261.4 million (31 December 2021: HK\$7,820.5 million), which are subject to the simultaneous agreements to repurchase these investments at the agreed dates and prices.

The Group's gearing ratio, calculated on the basis of total indebtedness divided by the sum of total indebtedness and equity attributable to the Company's owners, was approximately 87.1% (31 December 2021: 79.6%).

With the amount of liquid assets on hand, the management 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 2022, the Group had no other pledge or charge on assets (31 December 2021: Nil).

CONTINGENT LIABILITY

Unless otherwise disclosed, as at 30 June 2022, the Group had no significant contingent liability (31 December 2021: Nil).

CAPITAL COMMITMENT

As at 30 June 2022, the Group had no significant capital commitment (31 December 2021: Nil).

SIGNIFICANT INVESTMENTS HELD

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

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

FOREIGN CURRENCY RISK MANAGEMENT

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

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2022, the Group had 82 (30 June 2021: 85) employees including the Directors. For the Reporting Period, the total staff costs, including the Directors' remuneration, was approximately HK\$38.9 million (Previous Period: HK\$38.6 million). Remuneration packages for the employees and the Directors are structured by reference to market terms, individual competence, performance and experience. Benefits plans maintained by the Group include the mandatory provident fund scheme, subsidised training program, share option scheme, share award scheme and discretionary bonuses.

PROSPECTS AND DEVELOPMENT STRATEGIES

Prospects

The slowing global demand growth and the COVID-19 pandemic-induced cross-boundary transportation disruptions posed significant drags to Hong Kong's exports. As the ongoing COVID-19 pandemic and restrictive measures have taken a heavy toll on general economic activities, the GDP of Hong Kong for the first half of 2022 contracted as compared to previous year. In addition, the volatile geopolitical situation has added uncertainty to the global economy and financial markets, resulting in significant fluctuations in asset prices. Looking ahead, the ongoing tensions between Russia and Ukraine are expected to keep international energy and commodity prices high, and major central banks are expected to continue to tighten monetary policy in the second half of 2022 to curb inflation, potentially dragging down the global economic recovery and increasing the risk of stagflation. The evolution of the global pandemic and the development of Sino-US relations will also add uncertainty. However, with the gradual relaxation of Hong Kong's social distancing measures and various government support measures, the recovery of domestic demand will support the recovery of Hong Kong's economic activities in the future.

Although the Group is optimistic about the long-term sustainable economic growth in Hong Kong and the Mainland China, in the short run, fixed income investment prices are expected to remain under greater downward pressure amid the US dollar interest rate hike cycle. The US dollar interest rate hike will also lead to an increase in the Group's financing costs, further exacerbating the pressure on profit. In the meantime, if the pandemic persists, economic growth pressure in the Mainland China and Hong Kong may further increase, which will pose continued challenges to the ongoing operations, profitability and financing ability of various companies, including the Group's clients. For these reasons, the Group will continue to carry forward the spirit of striving and swimming against the tide, uphold the established strategy that risk control and internal control and compliance are the top priorities, closely monitor the situation, reasonably control the capital leverage ratio, optimise the investment portfolio, seek potential investment opportunities, and seize opportunities to actively increase revenue while adhering to the bottom line of risk compliance.

Development Strategies

The Group will continue to leverage the advantages of the “merchant bank + investment bank” linkage, clearly position its core competitiveness and business characteristics, develop itself as a comprehensive and diversified investment banking platform with its own distinctive investment banking, capital management and equity investment services, offering international investment banking products and services to serve China Minsheng Banking Corp., Ltd. (“**China Minsheng**”, together with its subsidiaries, excluding members of the Group, “**China Minsheng Group**”) and its customers.

The Company will focus on the basic strategy of “one body and two wings”, with “one body” optimised, which is to further optimise the investment and financing business products and client structure; and “two wings” emphasised, which is to fully commit to improving the revenue and market position of investment banking and asset management businesses. Specifically:

- (1) Actively promote the development of listing sponsorship and equity underwriting business, expand project marketing channels through multiple measures, optimise and improve the business synergy mechanism, and assist clients in opening up the investment banking business channels in Hong Kong in line with the Group’s overall strategic planning. The Group will strengthen the exploration and marketing of medium and large investment banking projects to enhance market influence;
- (2) In the face of the complex and volatile capital market, the Group will further strengthen the sourcing of high-quality corporate bond business, enhance business synergies with China Minsheng Group, expand cooperation with high-quality financial peers, and explore new high-quality client resources. The Group will encourage and support customers to issue green bonds or other green financial products. The Group will further enhance our bond sales capabilities and progressively build a professional sales team;
- (3) To serve the strategic concept of “One Minsheng”, the Group will make full use of the advantages of our rich business platform resources, and gradually strengthen the marketing implementation of high-quality private equity projects with the aim of serving the national strategic development direction and Minsheng’s high-quality customers by building an internal and external private equity investment platform;
- (4) With efficient sales model, accurate product development and quality management services as the three core guidelines for asset management business development, the Group will continue to optimise the quality of our asset management portfolio and enhance our management scale and fee income. The Group will seize the historical development opportunities arising from the integration of the Greater Bay Area and the interconnection and interoperability of the two places, promote mutual recognition of funds, enhance product innovation and liberalisation, and build a comprehensive and diversified offshore asset management platform; and

- (5) The Group actively respond to changes in the market environment and strengthen credit and market risk control and cost control. In response to the complex economic and financial environment and the continuously fluctuating capital market, the Group strengthens credit research on bond issuers, conducts all-dimensional structural adjustment and tracking and monitoring of each portfolio, further optimises the portfolio structure, optimises portfolio asset quality and enhances risk resistance. The Group also implements pre-investment risk prevention and control and post-investment management and disposal of loans and structured finance business. At the same time, the Group will constantly enhance cost management, effectively exhibit the guiding and restraining effects of financial contributions on business development.

The Company attaches great importance to both business development and compliance risk control, and has been building and optimising the Company's compliance internal control process on a regular basis, continuously strengthening its all-round risk management system, enhancing forward-looking forecasting of risk management through various means, with an efficient planning and rapid response mechanism to cope with complex environmental changes to ensure the Company's steady development. The Company is committed to enhancing its corporate governance capabilities, adhering to the strategic plan of the China Minsheng Group, building a quality talent pipeline based on sound operations, enhancing its revenue-generating business capabilities, promoting the continuous professional development of all employees and strengthening the "bottom-line awareness" mindset, promoting green finance and sustainable development, and enhancing its brand influence. The Company will continue to enhance its brand influence and create long-term value for customers, shareholders, employees and society.

RISK MANAGEMENT CAPABILITIES

The Board recognises risk management as one of the key elements to the success of the Company, and endeavors to improve the risk management system to align with its business development strategically. The Group takes a pragmatic approach to manage different risks including credit risks, market risks, operation risks, legal and compliance risks, reputation, liquidity, IT and country risks. As at the date of this announcement, the Group has improved various risk management policies and procedures covering different business sectors. The Group has also established a centralised internal control and compliance management system to effectively monitor the Group's operation and dealings. The Group will continue to enhance the risk management practices and the internal control system and to adopt a stringent governance framework with reference to the best practices in the market.

CORPORATE GOVERNANCE

The Company had complied with all the applicable provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules throughout the Reporting Period except for the following deviation with reasons as explained:

The Role of Chairman

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

Deviation

Mr. Li Jinze, the former chairman of the Company, resigned on 13 June 2022. Due to the resignation of Mr. Li Jinze, Mr. Ding Zhisuo, the general manager of the Company, has been performing the duties of the chairman as approved by the Board until a new chairman is appointed by the company. The Company is now seeking for a suitable candidate to take up the role of the chairman to ensure compliance with aforesaid provisions of the CG Code.

Attendance at Annual General Meeting

Pursuant to provision F.2.2 of the CG Code, the chairman of the board should attend the annual general meeting and invite the chairman of the audit committee, the remuneration committee and the nomination committee and any other committees (as applicable) or, in the absence of the chairman of such committees, another committee member (or, in the absence of such committee member, his duly appointed delegate) to answer questions at the annual general meeting of the Company.

Deviation

Due to the resignation of Mr. Li Jinze on 13 June 2022 and the other business commitments of the chairmen and members of the audit committee, the nomination committee and the remuneration committee, they were unable to attend the annual general meeting of the Company held on 29 June 2022 (the “**AGM**”). However, Mr. Ding Zhisuo had chaired the AGM and answered questions from the shareholders. The AGM has provided a channel of communication between the Board and the shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE “MODEL CODE”)

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

AUDIT COMMITTEE

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

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

The Board considers that the repurchase of shares could increase the net asset value, so the Company repurchased a total of 29,325,500 shares on the Stock Exchange, with a total consideration (before transaction costs) of approximately HK\$66.3 million for the six months ended 30 June 2022. As at the date of this announcement, all repurchased shares have been cancelled.

Details of repurchase are as follows:

Month of repurchase	Total shares repurchased	Highest price paid per share (HK\$)	Lowest price paid per share (HK\$)	Total consideration paid (HK\$'000)
January 2022	5,958,500	3.91	2.61	19,908
February 2022	6,211,000	2.96	2.43	16,110
March 2022	814,000	1.75	1.67	1,408
April 2022	4,241,000	1.85	1.44	7,051
May 2022	4,293,000	1.78	1.55	7,216
June 2022	7,808,000	2.10	1.51	14,613
Total	<u>29,325,500</u>	<u>–</u>	<u>–</u>	<u>66,306</u>

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

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the Reporting Period and up to the date of this announcement.

By order of the Board
CMBC Capital Holdings Limited
Executive Director
Ding Zhisuo

Hong Kong, 30 August 2022

As at the date of this announcement, the executive Directors are Mr. Ding Zhisuo and Mr. Ng Hoi Kam; the non-executive Directors are Mr. Yang Kunpeng and Mr. Li Wenshi; and the independent non-executive Directors are Mr. Lee, Cheuk Yin Dannis, Mr. Wu Bin and Mr. Wang Lihua.