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民銀資本控股有限公司

CMBC CAPITAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1141)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of CMBC Capital Holdings Limited (the “**Company**”) announces the condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”) together with comparative figures for the six months ended 30 June 2023 (the “**Previous Period**”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended	
		30 June	30 June
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
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		<u>79,673</u>	<u>(250,501)</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings/(loss) per share attributable to owners of the Company	11		
– Basic		7.16	(22.32)
– Diluted		7.16	(22.32)

	Six months ended	
	30 June	30 June
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(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)	<u>27,824</u>	<u>94,461</u>
Other comprehensive income for the period, net of tax	<u>59,641</u>	<u>134,660</u>
Total comprehensive income/(loss) for the period attributable to owners of the Company	<u>139,314</u>	<u>(115,841)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
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		<u>15,954</u>	<u>19,524</u>
		<u>99,335</u>	<u>113,777</u>
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		<u>307,393</u>	<u>436,102</u>
		<u>3,839,950</u>	<u>4,445,773</u>

		As at 30 June 2024	As at 31 December 2023
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (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
		<u>2,494,461</u>	<u>3,257,141</u>
Net current assets		<u>1,345,489</u>	<u>1,188,632</u>
Total assets less current liabilities		<u>1,444,824</u>	<u>1,302,409</u>
Non-current liabilities			
Lease liabilities		29,308	39,445
Deferred tax liabilities		25,640	10,262
		<u>54,948</u>	<u>49,707</u>
Net Assets		<u>1,389,876</u>	<u>1,252,702</u>
Capital and Reserves			
Share capital	21	443,201	447,745
Reserves		946,675	804,957
Total equity		<u>1,389,876</u>	<u>1,252,702</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**”) 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 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.

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.

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.

Disaggregation of revenue

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

	Six months ended	
	30 June	30 June
	2024	2023
	HK\$'000	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
	<u>91,073</u>	<u>82,573</u>
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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
	<u>62,415</u>	<u>159,103</u>
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	<u>156,673</u>	<u>265,217</u>

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 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

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						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	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)
	<u>14,682</u>	<u>43,530</u>	<u>103,761</u>	<u>51,498</u>	<u>25,783</u>	<u>–</u>	<u>239,254</u>
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	<u>(17,376)</u>	<u>(68,379)</u>	<u>(10,674)</u>	<u>(11,851)</u>	<u>(12,153)</u>	<u>(25,923)</u>	<u>(146,356)</u>
Segment results	<u>(562)</u>	<u>(22,600)</u>	<u>92,990</u>	<u>39,626</u>	<u>13,623</u>	<u>(20,810)</u>	<u>102,267</u>
	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)
	<u>9,159</u>	<u>141,265</u>	<u>(6,082)</u>	<u>73,518</u>	<u>6,375</u>	<u>–</u>	<u>224,235</u>
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	<u>(33,567)</u>	<u>(301,481)</u>	<u>(92,407)</u>	<u>(11,424)</u>	<u>(9,348)</u>	<u>(22,625)</u>	<u>(470,852)</u>
Segment results	<u>(18,189)</u>	<u>(180,603)</u>	<u>(92,582)</u>	<u>62,599</u>	<u>(2,962)</u>	<u>(5,332)</u>	<u>(237,069)</u>

Segment assets and liabilities

		As at 30 June 2024						
		Fixed- income direct investment	Other investment and financing	Asset management	Corporate finance and advisory	Others	Total	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Assets								
Segment assets		<u>365,532</u>	<u>2,325,142</u>	<u>1,091,727</u>	<u>36,622</u>	<u>26,112</u>	<u>94,150</u>	<u>3,939,285</u>
Liabilities								
Segment liabilities		<u>178,046</u>	<u>2,150,759</u>	<u>128,118</u>	<u>198</u>	<u>-</u>	<u>92,288</u>	<u>2,549,409</u>
		As at 31 December 2023						
		Fixed- income direct investment	Other investment and financing	Asset management	Corporate finance and advisory	Others	Total	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Assets								
Segment assets		<u>596,612</u>	<u>2,735,371</u>	<u>1,001,299</u>	<u>40,942</u>	<u>22,343</u>	<u>162,983</u>	<u>4,559,550</u>
Liabilities								
Segment liabilities		<u>351,269</u>	<u>2,806,935</u>	<u>100,401</u>	<u>198</u>	<u>448</u>	<u>47,597</u>	<u>3,306,848</u>

4 REVENUE

	Six months ended	
	30 June	30 June
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
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
	<u>156,673</u>	<u>265,217</u>

5 OTHER INCOME

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

6 OTHER LOSSES

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

7 IMPAIRMENT LOSSES

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

8 FINANCE COSTS

	Six months ended	
	30 June	30 June
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
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
	<u>58,174</u>	<u>149,555</u>

9 PROFIT/(LOSS) BEFORE TAXATION

	Six months ended	
	30 June	30 June
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
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
	<u>11,085</u>	<u>11,158</u>

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	<u>(15,378)</u>	<u>(1,028)</u>
	<u>(22,594)</u>	<u>(13,432)</u>

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

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 announcement, 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 at the reporting date, 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	<u>79,673</u>	<u>(250,501)</u>

	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	<u>1,113,120</u>	<u>1,122,443</u>

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.

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).

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

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.

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 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
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	<u>3,593</u>	<u>3,620</u>
	27,060	26,176
Less: Allowance for expected credit losses	<u>(2,713)</u>	<u>(2,713)</u>
Total	<u>24,347</u>	<u>23,463</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, 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.

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

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 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
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
	<u>1,114,342</u>	<u>1,250,948</u>

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

17 ACCOUNTS PAYABLE

	As at 30 June 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
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
	<u>142,573</u>	<u>286,930</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.

18 LOANS FROM AN INTERMEDIATE HOLDING COMPANY

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

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 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
Bonds	<u>1,284,358</u>	<u>1,044,658</u>

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.

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.

20 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
Debt investments	<u>17,693</u>	<u>–</u>

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

21 SHARE CAPITAL

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

Note:

- (i) 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 end of the reporting period, the remaining 9,463,000 repurchased shares were cancelled on 22 March 2024.

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 (Chapter 163 of the Laws of Hong Kong) (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 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.

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 its certain investments in equity securities depending 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 the Securities and Futures Commission 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..

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 of Hong Kong Limited (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.

* *For identification purpose only*

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.

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 Banking Corp., Ltd. (“**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 platform of the Group, and comprehensively promoted cross-border business synergy, thus provided all-round 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 increasing our efforts in the promotion of business collaboration with China Minsheng Bank, its branches and affiliated institutions, and fully explore project cooperation opportunities.
- (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 bond underwriting business, the Group will focus on leading projects to enhance profit-generating capabilities; the entrusted asset management business will be promoted vigorously to achieve product net value management and collaborative marketing and 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 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; and shall 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 the relevant investment and financing will be properly managed. The Group will strictly implement risk monitoring and early warning systems, closely monitor and provide early warning and prevention 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 risk control, internal control and compliance are top priorities, and on top of adhering to the bottom line 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, enhance the Group's brand influence to create long-term value for customers, shareholders, employees and the society.

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		Segment Results	
	For the six months		For the six months	
	ended 30 June		ended 30 June	
	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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)
	239,254	224,235	102,267	(237,069)
Total	239,254	224,235	102,267	(237,069)

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.

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

	30 June	31 December
	2024	2023
	HK\$'000	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).

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.

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 <i>HK\$'000</i>	30 June 2023 <i>HK\$'000</i>
Staff costs	40,588	30,638
Depreciation	11,085	11,158
Other operating expenses	26,811	29,949
Finance costs	<u>58,174</u>	<u>149,555</u>
Total	<u>136,658</u>	<u>221,300</u>

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 of the Company 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 of the Company (the “**Shareholders**”) was approximately HK\$1,389.9 million (31 December 2023: HK\$1,252.7 million).

During the Reporting Period, no shares of the Company had been purchased or granted to selected persons of the Group under the Company’s share award scheme.

Liquidity and Financial Resources

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

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).

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.

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.

RISK MANAGEMENT CAPABILITIES

The Group has always attached great importance to risk management and internal control, operating in compliance with the law and 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).

CORPORATE GOVERNANCE

The Company has complied with all applicable provisions of the the Corporate Governance Code as set out in Appendix C1 to the Listing Rules throughout the Reporting Period.

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 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 announcement, all repurchased shares have been cancelled.

Details of 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	<u>1,782,000</u>	0.245	0.164	<u>317</u>
Total	<u>8,393,000</u>			<u>2,140</u>

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.

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.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the Reporting Period containing all the applicable information required by the Listing Rules will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cmbccap.com) in due course.

By order of the Board
CMBC Capital Holdings Limited
Li Baochen
Chairman

Hong Kong, 29 August 2024

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